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1999 Annual Report on Operations Evaluation

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The World Bank
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Office of the Director-General
Operations Evaluation

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MEMORANDUM TO THE EXECUTIVE DIRECTORS AND THE PRESIDENT

SUBJECT: 1999 Annual Report on Operations Evaluation

1. Evaluation contributes to organizational learning by: (i) strengthening accountability through objective assessments of performance; (ii) improving the quality of operations through dissemination of lessons of experience; and (iii) informing strategy formulation, resource allocation, and personnel management. The balance among these interrelated objectives reflects evolving corporate requirements. In order to facilitate adaptation of the evaluation system to a changing institutional context, this *Annual Report on Operations Evaluation* (AROE) assesses the adequacy of evaluation processes and performance management practices. *It concludes that the Bank's performance management and evaluation processes require accelerated adjustment in order to contribute fully to the Bank's development effectiveness.*

The Challenge

2. Developing country decisionmakers seek a greater voice in the design and coordination of development assistance programs. Development agencies are becoming more focused on results, and more participatory in the delivery of development assistance services. A sharper focus on poverty reduction, more selectivity in aid allocations, better coordination among development partners, and higher priority to filling global public policy gaps are the keys to improved development effectiveness.

The Bank's Response

3. A Bank initiative to deal with the severe indebtedness of poor countries (HIPC) has garnered broad support, and a recent agreement with the IMF has committed the Bank to deliver comprehensive social and structural assessments in support of outcome-based poverty reduction and growth strategies jointly agreed by the country, the IMF, and the Bank. This broader agenda has increased the development relevance of the Bank, but it has also "raised the bar" of development effectiveness objectives and has put pressure on the Bank's human and budget resources.

4. Bank management has initiated many changes to adapt the organization to its new mandate, including decentralization to the field, adaptable lending instruments, and an enhanced role for knowledge management and advisory services. Globalization has brought both new opportunities and new risks of instability. Inequality has increased. Poverty trends have deteriorated. Aid flows have stagnated. There is rising public concern with the efficacy of the development system. These trends strengthen the case for greater strategic selectivity, more effective quality assurance, more systematic corporate risk management, and closer linkages between control and evaluation functions.

Operational Quality

5. At the operational level, the evaluation system has continued to perform well. The combination of the Operations Evaluation Department (OED)—which independently tracks quality at exit—and the Quality Assurance Group (QAG)—which assesses quality of appraisal, supervision, and portfolio management—has proven synergistic. QAG's ex post monitoring of quality has had a beneficial impact on managerial incentives. Remarkably, Bank development performance has not deteriorated, despite the financial crisis. But further progress will be more difficult to achieve, as demonstrated by the *Annual Review of Development Effectiveness* (ARDE) and the *Annual Report on Portfolio Performance* (ARPP). It is possible that the Bank may be approaching a quality performance plateau.

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6. QAG has done pioneering work in tracking the quality of Bank operations. But its quality enhancement role is based on managerial *demand*, rather than on corporate risk considerations. Not all of the Networks have given priority to operational quality enhancement (until recent adjustments to the matrix). Quality assurance, including monitoring of safeguard and fiduciary policies, has not been managed independently of the Regions, and the matrix has been tilted heavily in favor of the Regions.

7. In order to ensure prudent handling of development and reputational risks, the Bank should explore external experiences in integrating strategic quality assurance and risk management within decentralized frameworks. In this context, serious consideration should be given to having the Networks evaluate the quality of operational products through a risk/quality review system on an *ex ante* basis and as an input into the review and discussion process, including Board approval. This would require them to provide senior management with *ex ante* judgements that individual Bank operations comply with agreed operational policies and fiduciary standards, thus protecting the corporate interest, enhancing accountability, and pinpointing potential problems before they arise. This approach would be a fit response to the rising risks associated with a more difficult operating environment and an increasingly complex operational agenda.

8. Strong project systems for monitoring and evaluation (M&E) are important tools that allow borrowers and the Bank to identify problems at an early stage and to assess project prospects with greater accuracy. However, as found in earlier AROEs, the lackluster record of M&E in Bank operations must improve if operational quality is to be enhanced further. The recent rebalancing of responsibilities within the operational matrix opens up the prospect of a more active role by the Sector Boards in M&E implementation

Sector and Thematic

9. Given the revised emphases of the Strategic Compact, new sector strategies have emerged. Coverage has become systematic, but global sector strategies that are transparently implemented, monitored, and evaluated have yet to emerge. At the same time, the Bank's more comprehensive development agenda has contributed to greater emphasis on cross-cutting, thematic operational priorities. This, in turn, has created complex coordination and participatory problems for the Networks across a multitude of Sector Boards and thematic groups. The design of sector strategies, the recasting of operational policies and the increased demand for Bank leadership in collaborative, multi-country programs also call for proactive Networks.

10. Sector Strategy Papers (SSPs) are now being prepared for all major sectors. Further strengthening is needed for specification of monitorable indicators and to focus SSPs on desired results at the corporate and global levels. In addition, increased selectivity is needed in defining the Bank's role, with greater focus on the rationale for products offered to clients and the global policy issues that comprise the comparative advantage of the Bank.

Country Assistance Management

11. The Country Assistance Strategy (CAS) process is the lynchpin of operational management and a key instrument of development effectiveness. Much progress has been made in enhancing the quality of CASs and making the CAS process more participatory and transparent. A useful periodic retrospective of CAS quality has been launched by the Operations Policy Department (OPS). To enhance the self-evaluative focus of the CAS, a results-based approach is essential, and the performance measurement system for country assistance evaluation being designed by OED (and reflecting the new development emphases) should be further tested for Bankwide adoption.

12. Under the Comprehensive Development Framework (CDF), the Bank has committed itself to a broader development agenda and new business principles. The CDF concentrates efforts on overcoming long-term social and structural constraints, places increased reliance on partnerships and local participatory processes, and puts country ownership of policy and institutional reform at the center of strategy formulation. Most of all, the CDF is expected to be results-oriented. Independent and self-evaluation benchmarks need to be adapted to the new operational agenda, and evaluation capacity development emphasized. Well beyond the 13 countries where the CDF is being piloted, the CDF template of good business practice needs to be articulated, disseminated, and translated into agreed evaluation standards for Bank performance. Helping developing countries and their partners keep track of the progress of CDF pilots, so as to generate lessons of experience for the development community, is of high priority.

13. The Bank is engaged in a number of initiatives that should involve participatory performance measurement, of both client countries' development efforts and Bank performance. These initiatives include the CDF pilots; structural and social reviews (SSRs), now also known as comprehensive development reviews; use of the country performance and institutional assessments (CPIAs) for purposes of IDA allocations, and increasingly for other purposes; and OED country assistance evaluations (CAEs). These initiatives need to be harmonized to avoid inconsistencies in approach and enhance transparency. Efforts also need to be expended to contribute more explicitly to developing baseline performance measures.

Performance Management

14. The Strategic Compact and the CDF have increased the relevance of Bank goals. Social and structural concerns have been elevated to the same level of importance as sound macroeconomic management. Institutional development has come center stage. The unit of account has shifted from the individual project to the country assistance program. A start has been made in the design of global sector strategies and the participatory recasting of operational policies. But new pressure points have materialized. Financial risks have increased: their prudent management calls for greater integration between operational and financial management. The participatory agenda calls for new staff skills, and resource management must be upgraded to focus on results.

15. Ultimately, in order to sustain the quality of Bank operations and to enhance the development effectiveness of country and sector assistance programs, the "new Bank" must practice greater selectivity in its operations and increased sharing of responsibilities with its development partners. Results-based management (RBM) is well-suited to the task of setting priorities in an operating environment characterized by a variety of objectives and a wide range of stakeholder expectations. The Bank has made progress in this direction. However, no senior manager in the Bank is answerable for RBM implementation and oversight, there have been few concrete steps taken to address obstacles to RBM, and a corporate scorecard that is responsive to the new development agenda has yet to materialize. This means that last year's AROE recommendation to implement RBM remains highly relevant at the country, sector, and corporate levels, including linkages among results achieved, personnel evaluations, and budget allocations.

Evaluation

16. In 1997, a new evaluation framework was endorsed by senior management and the Board, consisting of: (i) filling evaluation gaps; (ii) shortening the feedback loop; (iii) broadening participation; (iv) strengthening organization learning; and (v) enhancing evaluation coordination. Since then, considerable progress has been achieved toward these goals. The past year is no exception.

17. Completion reporting quality has continued to improve, and the backlog of completion reports has been contained to modest levels, although far too many Implementation Completion Reports (ICRs) are completed at the very end of the fiscal year. Evaluation of economic and sector work is now a regular feature of QAG's quality tracking program. Research, training, trust funds, and knowledge management are increasingly being subjected to evaluation. Both QAG and OED have produced evaluation reports appropriately synchronized with the Bank's business processes. Finally, evaluation is now better connected to the knowledge management system, and development effectiveness has become a focus of Bank research.

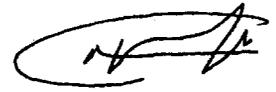
18. In contrast, Safeguard Policy compliance has not been tracked rigorously; monitoring and evaluation has made negligible progress; and program coordination among evaluation and control units has remained weak. Demand for evaluation capacity development in borrowing countries is not being met adequately. New metrics for assessing Bank performance (as distinct from outcomes) have yet to garner consensus across the institution. This means that the 1997 evaluation strategy remains relevant, but that significant enhancements in evaluation practices and priorities are urgently needed to fulfill the organizational learning potential of the function.

19. For OED, the priorities are: (i) a greater focus on getting results from performance audits and evaluation studies, to be achieved through increased participation of borrowers and the poor in evaluations; (ii) promotion of implementation of the ICR reform by the Operational Services Board, OCS, and the Regions for increased learning; (iii) more attention to financial accountability, social development, institutional aspects, safeguards, and private sector development; and (iv) more effective outreach with respect to evaluation capacity development, harmonization of evaluation methods, coordination of evaluation programs, and evaluation alliances.

Next Steps

20. In sum, performance management must improve—especially with respect to the Networks—in order to make full use of evaluation results, while evaluation practices and priorities must evolve to meet the rapidly changing organizational needs. Consequently, the recommendations that emerge from this year’s AROE require common efforts between operational management and evaluation management:

- (i) Reinforce efforts to align and manage strategies within a results-oriented corporate framework.
- (ii) Emphasize M&E inside and outside the Bank in support of the CDF by addressing current M&E deficiencies in Bank operations and by stepping-up and mainstreaming recent initiatives for evaluation capacity development (ECD) in client countries.
- (iii) Assess the Bank’s quality assurance and risk management practices against good practices in elite organizations.
- (iv) Bank Group evaluation programs to be fully resourced, streamlined, and integrated to minimize overload and enhance learning for development effectiveness.
- (v) OED to be managed for results.



Robert Picciotto
Director-General, Operations Evaluation

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Abbreviations and Acronyms

ACR	Activity Completion Report	KLC	Knowledge and Learning Council
APL	Adaptable Program Loan	LIL	Learning and Innovation Loan
ARDE	Annual Review of Development Effectiveness	LLC	Learning and Leadership Center
AROE	Annual Report on Operations Evaluation	MAR	Management Action Record
ARPP	Annual Report on Portfolio Performance	M&E	Monitoring and Evaluation
CAE	Country Assistance Evaluation	MDB	Multilateral Development Bank
CAI	Core Accountability ICR	MIGA	Multilateral Investment Guarantee Agency
CAS	Country Assistance Strategy	OCS	Operational Core Services
CDF	Comprehensive Development Framework	OD	Operational Directive Commission
CDR	Comprehensive Development Review	OED	Operations Evaluation Department
CIF	Country Information Form	OEG	Operations Evaluation Group (IFC)
CODE	Committee on Development Effectiveness	OP/BP/GP	Operational Policy/Bank Practice/ Good Practice
COSO	Committee of Sponsoring Organizations of the Treadway Commission	OPE	Overall Performance Evaluation
CPIA	Country Policy and Institutional Assessment	OPS	Operations Policy Department
CTR	Controller's Department	PAD	Project Appraisal Document
DAC	Development Assistance Committee	PAR	Performance Audit Report
DEC	Development Economics	PCR	Project Completion Report
DEI	Development Effectiveness Indicator	PDS	Project Document System
DGF	Development Grants Facility	PER	Public Expenditure Review
DGO	Director-General, Operations Evaluation	PREM	Poverty Reduction and Economic Management
ECD	Evaluation Capacity Development	PRSP	Poverty Reduction Strategy Paper
ECG	Evaluation Cooperation Group	PSD	Private Sector Development
ECWG	Evaluation and Control Working Group	PSR	Project Status Report
EDP	Executive Development Program	QAG	Quality Assurance Group
ES	Evaluation Summary	QER	Quality Enhancement Review
ESSD	Environmentally and Socially Sustainable Development	RBM	Results-Based Management
ESW	Economic and Sector Work	RMC	Resource Management and Cofinancing
EVM	Evaluative Memorandum	RSA	Rapid Supervision Assessment
FMA	Financial Management and Accountability	RSB	Research Support Budget
FPSI	Finance, Private Sector, and Infrastructure	RVP	Regional Vice Presidency
HD	Human Development	SDC	Swiss Development Corporation
HIPC	Highly Indebted Poor Countries	SRP	Systems Renewal Program
HNP	Health, Nutrition, and Population	SSP	Sector Strategy Paper
HR	Human Resources	SSR	Structural and Social Review
HRM	Human Resource Management	VPU	Vice Presidential Unit
IAD	Internal Audit Department	WBI	World Bank Institute
ICM	Implementation Completion Memorandum	WBIES	World Bank Institute Evaluation and Scholarship Unit
ICR	Implementation Completion Report	WBIEU	World Bank Institute Evaluation Unit
ILI	Intensive Learning ICR	WPA	Work Program Agreement
IR	Institutional Review		

Chapter 1

Introduction

1.01 The *Annual Report on Operations Evaluation* (AROE) assesses the adequacy of the Bank's evaluation processes and performance management practices and recommends remedial measures. It focuses on evaluation processes rather than evaluation findings, which are presented in the *Annual Review of Development Effectiveness* (ARDE) for completed projects, and in the *Annual Report on Portfolio Performance* (ARPP) for ongoing projects. The report builds on information from a wide variety of sources, including OED reports; Bank documents, reports, and databases; interviews with managers and staff; and focus groups with operational managers and staff. It also reports on the quality of the Implementation Completion Reports reviewed by OED between March 1998 and June 1999.

1.02 This year's AROE builds on the recommendations of previous reports. Last year's report traced the progress made in implementing results-based management (RBM) in the Bank. It concluded that the broad systemic changes needed to achieve a full-fledged RBM system would take sustained effort over a number of years, but that the Bank should accelerate progress on RBM and make its evaluation effort more effective. It offered the following principal recommendations:

- The Bank should pilot ways of linking corporate resource allocation processes to results achieved, and evaluation information to the management performance assessment system, and implement a results-focused corporate scorecard.
- The Networks should ensure a proper evaluative dimension in all future Sector Strategy Papers (SSPs), lead the design of sector scorecard templates in coordination with corporate and country scorecards, and coordinate the dissemination and use of evaluation data among operational staff.
- The Bank should fill outstanding evaluation gaps, such as those in resource mobilization, training, and research. OED should develop participatory work planning processes, adjust its product mix to reflect a greater focus on results, and aim at greater connectivity with the rest of the Bank and the development community. The MDs and the DGO should work together to design an integrated evaluation program, under the aegis of the Committee on Development Effectiveness (CODE).

1.03 The Bank has made progress in the direction of RBM, and there has been a noticeable increase in RBM thinking within the Bank. Several evaluation gaps have been filled, and the coordination of evaluation activities has improved. The Comprehensive Development Framework (CDF) pilots being initiated should encourage a stronger focus on results. At the same time, there have been few concrete steps taken to address the obstacles to RBM implementation (Chapter 6), and this remains an area of weakness in the Bank's performance management structure. Last year, management placed the highest priorities on:

- **The quality, quantity, and strategic balance of Economic and Sector Work (ESW).** A working group is now examining ways of strengthening the management of ESW and reducing overprogramming (para. 4.07).
- **The design of pragmatic and meaningful ways of measuring the Bank's impact on results on the ground.** There has been little progress in this area, and the Corporate Scorecard has yet to be developed into a meaningful operational tool (para. 6.03).
- **The use of evaluation results in managerial performance assessments.** This has not yet been done, but other improvements in the Bank's performance evaluation system would make it more feasible for management to now address this issue (para. 6.05).

1.04 OED's key recommendations emerging from this year's AROE appear in Annex 1.

Chapter 2

The Evolving Evaluation Framework

The Bank's broadened agenda has increased its development relevance, but has also raised the demandingness of its objectives and has put severe pressure on its human and budget resources. A changing development landscape, increased volatility, and more complex operations imply higher risk and a need for flexible Bank instruments and interventions. New objectives, methodologies, and operational modalities require appropriate performance indicators, monitoring, and evaluation, with a focus on results.

The Development Environment

2.01 The development landscape is undergoing rapid transformation under the twin forces of globalization and localization. Globalization increases the rewards of connecting to the world economy, but it also aggravates inequalities and amplifies development risks, especially for countries where policy adjustment, social development, and institutional reform are lagging. Conversely, localization responds to the desire of citizens for a greater influence in policymaking and for improved public service delivery through decentralization, devolution, and improved public sector management.

2.02 The economic liberalization in developing countries has led to expanding international trade and a sharp increase in the financial integration of developing countries with global markets. While the participating developing countries have realized significant benefits, these trends have also exposed the countries to increased risks. The higher levels of private capital flows have been accompanied by a decline in official development assistance, but have brought an increased focus on performance, and the recent crises have exposed glaring institutional and judicial weaknesses, even in advanced developing countries.

2.03 As global integration deepens, the number of development problems best addressed at a supranational level grows—for example, tropical disease control, environmental protection, systemic crisis management, or in cases where regional action makes sense for geographic or technical reasons. This means that poverty alleviation will require an increasing supply of critical global public goods, which could have a profound impact on the world's poor and on the social capital of developing countries.

2.04 Developing country decisionmakers display stiffened resistance to standard policy prescriptions and seek a greater voice in the design and coordination of development assistance programs. Development agencies are becoming more sensitive to the economic and social performance of recipient countries, more focused on results, and more participatory in the delivery of development assistance services. A sharper focus on poverty reduction, more selectivity in aid allocations, better coordination among development partners, and greater priority to filling global public policy gaps are the keys to improved development effectiveness. Within this context, the key issue is poverty—half of the world's population lives on less than two dollars a day. Globally the progress on poverty alleviation has stalled. There has been some reduction in the percentage of the developing world's population living in poverty, but increases in the absolute numbers continue.

The Bank's Emerging Development Agenda

2.05 Poverty reduction is nested in the Bank's mission statement as the overarching objective of Bank activities, in line with the International Development Goals formulated by the

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Development Assistance Committee. The Strategic Compact, approved by the Board in March 1997, redirected Bank operations toward human, social, and institutional development. The International Development Association (IDA) has adopted an ambitious set of operational objectives in the context of the IDA12 replenishment, a Bank initiative to deal with the severe indebtedness of poor countries (HIPC) has garnered broad support, and a recent agreement with the IMF has committed the Bank to deliver comprehensive social and structural assessments in support of outcome-based poverty reduction and growth strategies jointly agreed by the country, the IMF, and the Bank.

2.06 This broader agenda has increased the development relevance of the Bank and enhanced its public image. But it has also “raised the bar” of development effectiveness objectives and has put pressure on the Bank’s human and budget resources. In response, Bank management has initiated changes to adapt the organization to its new mandate. The Networks were established to embody the priorities of the new development agenda. Decisionmaking authority has been decentralized to the field. The Bank’s tool kit has been enriched with the addition of adaptable lending instruments. The roles of knowledge management and advisory services have been enhanced. The Bank has invested in modern information and communications systems. Personnel policies have been refurbished.

2.07 Just as the Strategic Compact began to de-emphasize lending volume, the 1997 financial crisis and its aftermath prompted large-scale, quick-disbursing Bank lending to crisis-affected and crisis-prone countries. As a result, the share of adjustment lending rose to unprecedented highs, and financial headroom has shrunk. In parallel, reduced global prospects have increased portfolio risks. These trends have strengthened the case for greater strategic selectivity; an intensified focus on operational quality; more systematic corporate risk management; closer linkages between control and evaluation functions; clear, mutually agreed priorities; and a relentless focus on results.

2.08 The Comprehensive Development Framework (CDF) takes these efforts one significant step further. It seeks a better development balance by emphasizing the interdependence of the key elements—social, structural, governance, environmental, economic, and financial—within a long-term, holistic framework. The CDF “compass” envisages the country in the driver’s seat, strong partnerships, and an efficient division of labor to reduce transaction costs, benefit from comparative advantages, and maximize development impact. Social and structural concerns have been raised to the same level of importance as sound macroeconomic management. Institutional development has come center stage. The unit of account has shifted from the individual project to the country assistance program. A start has been made in the design of global sector strategies and the participatory recasting of operational policies.

2.09 Increased volatility, more complex operations, and less favorable prospects for a rapid alleviation of poverty imply higher risks and a need for flexible Bank instruments and interventions. An evolving mix of products and services is needed. The Bank’s economic and sector work (ESW) must provide services in a timely and focused manner and underpin the improvement of lending quality. There are new lending products—Adaptable Program Loans (APLs), Learning and Innovation Loans (LILs), and policy-based guarantees. The Bank will continue to be called upon to play a leading and/or coordinating role in emergency and post-conflict reconstruction programs, as in West Bank and Gaza and Bosnia-Herzegovina. The HIPC initiative is building momentum—so far, ten countries have qualified for debt adjustment packages. The new emphasis on partnerships will also require that the Bank at times be the coordinated.

Social and structural concerns have been raised to the same level of importance as sound macroeconomic management.

Implications for Evaluation

2.10 There are major implications for evaluation, given the new roles and broadened focus of the Bank. New objectives, methodologies, and operational modalities will require appropriate performance indicators, systematic monitoring, and timely evaluation, with a focus on results. A major challenge is flowing from the CDF—to help borrowing countries to develop the capacity to measure their own performance in the use of development assistance for more effective allocations, for learning, and for accountability. The following chapters document how the Bank is responding to these evaluation challenges and identify key areas where more effort is required.

New objectives, methodologies, and operational modalities will require appropriate performance indicators, systematic monitoring, and timely evaluation, with a focus on results.

Chapter 3

Operational Quality Dimensions

The quality of Bank operations continues to improve, assisted by the current quality monitoring system. Some indicators, however, may be approaching a plateau. Further improvements will require action in two major areas: improved project monitoring and evaluation during implementation would make it easier for task managers and managers to identify problems early, and promotion of the new Implementation Completion Report (ICR) process would facilitate learning through self-evaluation and prompt feedback to operations staff. The Bank should also explore external experiences in integrating strategic quality assurance and risk management within decentralized frameworks.

Quality Responsibilities

3.01 Under the Bank's matrix structure, responsibility for operational quality (in lending and ESW) is shared between sector and country managers under operational guidelines established by each Regional Vice Presidency (RVP). The Networks (through the individual Sector Boards) have the principal responsibility for supporting quality enhancement (through advice, best practice, and training), but not all Networks have given priority to this work—not surprising in the absence of an explicit ex ante quality assurance role. Very recently, management decided to give the Network VPs joint responsibility with the RVPs for quality and compliance issues, exercising accountability through the Sector Boards and Regional Network staff. Sector Boards are also being asked to take the corporate and sectoral responsibility for skills development and staffing mixes throughout their sectors, and for building Cross-Regional task teams. The impact of these changes should be kept under review.

3.02 At the operational level, the evaluation system has continued to perform well. The responsibilities for operational evaluation are divided between OED and the Quality Assurance Group (QAG). OED tracks the quality at exit of Bank operations, while QAG assesses the quality of appraisal, supervision, and portfolio management. QAG is continuing to use its regular assessments—Quality at Entry Assessment, Rapid Supervision Quality Assessment, and Quality of ESW Assessment. It is now moving upstream through its new on-demand Quality Enhancement Review (QER) program, which looks at the quality of projects while they are still under preparation, when it is possible to make corrective adjustments. For FY00, the program will be scaled-up to about 50 operations, under the joint sponsorship of the Regions, Networks, and QAG. Thereafter, the management of the QERs will be transferred progressively to the Sector Boards, in partnership with the Regions.

At the operational level, the evaluation system has continued to perform well.

Quality Trends

Economic and Sector Work

3.03 The average quality (assessed by QAG) of ESW continues to vary widely. The QAG report on ESW completed in FY98 found that one-quarter were less than satisfactory, and only 53 percent satisfactorily included recommendations that were realistic and suitably prioritized. It also found that large ESW tasks are better managed than smaller efforts, an indication that the ESW management problems may be less severe when weighed by the resources they consume (Chapter 4).

Lending

3.04 The quality of Bank operations continues to improve, in spite of the financial crisis. The FY99 ARPP reported a decline in projects at risk and improvements in quality at entry,

quality of supervision, realism, and proactivity. But, for the second year in a row, achievements in key areas fell short of interim goals toward Compact targets. The 1999 ARDE analysis of projects that exited the portfolio during FY98–99¹ showed 72 percent with a satisfactory outcome,² up from 66 percent during FY90–93, but with a stagnating annual trend.

3.05 Accordingly, performance against the quality indicators still needs improvement, and there are signs that the indicators may be approaching a plateau that could fall short of FY01 Compact targets. The FY99 ARPP finds that the early gains in quality supported by additional resources from the Compact are largely exhausted, and that additional, incremental quality gains will require greater effort. Key factors that may hinder performance gains are the more demanding global environment, increased project complexity, higher levels of ambition, and a large share of exiting problem projects from the Africa Region. Additional measures may be required if the Bank is to reach and maintain the quality objectives set out in the Compact, as discussed below.

Improving Quality

Role of Sector Boards

3.06 QAG's recent supervision quality assessment presented convincing evidence that the greatest improvements in quality of supervision took place when Sector Boards had been the most active in addressing portfolio issues. For example, the Health, Nutrition, and Population (HNP) sector improved quality of supervision from 56 percent in FY97 to 93 percent in FY99, one of the highest levels in the Bank, through targeted programs of support to Regional staff. This demonstrates the value of strong Sector Board commitments to quality enhancement. The recent adjustments to the matrix are intended to strengthen Sector Board involvement in quality across the board.

Monitoring and Evaluation (M&E)

3.07 Appropriate M&E systems make it easier for task managers, line managers, and borrowers to identify problems at an earlier stage and render project status assessment more accurate. OED has identified major weaknesses in the Bank's M&E systems,³ work that has now been confirmed by the FY99 ARPP, which found that fewer than half of Bank projects had an appropriate M&E system in place, in spite of support to task managers through training and a dedicated Help Desk in Operational Core Services (OCS). This deficiency also creates disconnects in project evaluation and reporting—the “net disconnect” in FY98–99 was 9 percent, meaning that roughly one-third of task managers with projects rated unsatisfactory at completion did not *anticipate* this during the last supervision mission.

3.08 The Bank should address the M&E problem in three ways:

- Substantially expand evaluation capacity development (ECD) in client countries (Chapter 7). To this end, the Regions should develop ECD plans that would, inter alia, support the new Poverty Reduction Strategy Papers.
- Emphasize M&E within the Bank. All projects proposed for approval from July 2000 should contain fully acceptable M&E.
- QAG should prominently report on M&E through its Quality at Entry and Quality of Supervision reviews.

Compliance with Safeguard Policies

3.09 Conscientious monitoring of compliance with Safeguard Policies is important; failure to comply involves large reputational risks. There has been no global assessment of the ten Safeguard Policies, but a few individual policies have been reviewed (such as resettlement). The Quality Assurance and Compliance Unit is now working with Safeguard Policy specialists and with regional staff to begin an assessment of compliance for the current portfolio of ongoing operations. The Unit also worked with OCS to ensure that all ten Safeguard Policies can be tracked as part of the Project Document System. Data on compliance with the policies are

Appropriate M&E systems make it easier for task managers, line managers, and borrowers to identify problems at an earlier stage and render project status assessment more accurate.

being compiled by Environmentally and Socially Sustainable Development (ESSD) and QAG, but remain incomplete. OED has slated a review of Safeguard Policies for FY01.

Evaluation Benchmarks

3.10 As the Bank shifts its focus from the project to the country level, new monitoring and evaluation criteria are required to capture implementation and outcomes of the CDF principles and the Bank’s poverty focus. This is a broad, multifaceted area, and the Bank has not yet developed a fully comprehensive approach. It is expected that there will be a major increase in focus on areas such as social and institutional development and good governance. The Bank is now testing a new analytical instrument, the Institutional Review (IR); five are programmed for completion during FY99–00. At the end of this pilot period, the Bank should assess the usefulness of the IR in the context of the need for an overall game-plan for the Bank’s work in institutional development, as well as for improved ways of measuring it.⁴

3.11 The Bank is being called upon to provide leadership in collaborative programs that focus on filling *global public policy* gaps (as for malaria eradication, or to prevent the spread of AIDS). Such engagements will create new evaluative challenges. Although the Bank has evaluation methodologies suited to the project level, which are being scaled-up to the country and sector levels, appropriate techniques are not yet in place to evaluate impacts at the global level. When new programs eventuate, a strong results focus will be needed, and they should incorporate an evaluation dimension, with clear objectives and monitorable indicators, from their inception. This would require strong Network leadership. In addition, the impending launch of the joint Bank/IFC Private Sector Development (PSD) organization, and the more integrated approach it implies, will require OED and the Operations Evaluation Group (OEG) to develop a joint strategy to evaluate common and overlapping activities.

The Bank is being called upon to provide leadership in collaborative programs that focus on filling *global public policy* gaps.

Move Quality Work Upstream

3.12 The evaluation of Bank lending operations, ESW, and other activities is now *ex post*. QAG’s reviews of project quality at entry occur after Board approval (and often after the project is effective), and OED’s evaluations occur after the projects are completed. But there is no systematic assessment process in place—for projects or countries—that signals the degree of risk involved, the likelihood of a failure to achieve results, and how those risks will be monitored *before* a project is approved. QAG’s QER system is a useful first step in this regard.

From Quality Tracking to Quality Assurance

3.13 The measures now in place in the Bank, and those recommended above, may contribute significantly to further raising the quality of Bank operations, but perhaps not sufficiently to meet the Compact targets on a sustainable basis. It would therefore be reasonable for the Bank also to consider strengthening quality assurance approaches by benchmarking Bank practices against those of elite organizations. This would be in line with one of the recommendations of the Evaluation and Control Working Group (Chapter 6), which proposed a survey of comparator organizations, including private sector and knowledge management entities.

3.14 One aspect that could be considered, based on the findings of the benchmarking exercise, would be whether the Bank should introduce a full-fledged *ex ante* quality assurance system. The Networks would in this case provide management with *ex ante* assessments through a risk/quality review system, which would assess how well operations and programs comply with operational policies, including Safeguards, fiduciary standards, and quality standards. This would provide timely feedback to operational managers and staff by identifying potential problems while there is still time to take corrective action and help to address the Bank’s growing reputational risks at a time of an increasingly complex operational agenda. Once implemented, this approach would also help ensure that evaluation findings are incorporated into new Bank operations, responding to the concerns raised by the CODE Subcommittee. A rating and review system could also be utilized to strengthen project supervision monitoring.

Implementation Completion Reports

Further Improvements in ICR Quality

3.15 ICRs are a major Bank self-evaluation tool, encapsulating the lessons learned during implementation and rating the performance of the project, the borrower, and the Bank. ICRs are required for all completed projects, and all ICRs are reviewed by OED; 25 percent also undergo a performance audit, including field visits (Performance Audit Report, or PAR). Projects are selected for audit based on performance issues, the quality of the ICRs, and as building blocks for Country Assistance Evaluations (CAEs) and studies. OED spends about 5 percent of its regular budget on ICR reviews, and 17 percent on PARs. In FY99, OED reviewed 296 ICRs and audited 69 projects.

3.16 Annex 2 presents a summary of the quality of the ICRs reviewed by OED between March 1998 and June 1999.⁵ Over this period, *ICR quality ratings have continued to improve*. Virtually all ICRs reviewed by OED during FY99 were found to be of satisfactory overall quality (97 percent), up from 92 percent in FY97. In addition, there has been a doubling in the proportion of *exemplary* ICRs. There are still some weaknesses, however—particularly the analysis of “plans for future project operation.” Also, two important subsidiary ratings—*sustainability* and *institutional development impact*—are much less robust than the outcome rating. These aspects of the ICR should be given more attention by task managers.

Implement the ICR Process Reform

3.17 The Bank is implementing a significant ICR reform in FY00 to enhance the contribution of the ICR to the Bank’s development effectiveness, particularly by strengthening its utility as a tool for institutional learning. *Learning* will be enhanced by selection of one-third of the projects for *intensive learning ICRs* (ILIs), with projects chosen mainly for their learning potential. The main feature of ILIs is substantial stakeholder involvement through in-country workshops. OED will participate in some ILIs through an accompanying audit. The ICRs will be produced in a simpler, electronic format in OCS’s lending document series, and the overall ICR reform should thus be budget-neutral over time. Finally, under the new guidelines, ICRs will be prepared earlier (closer to implementation completion). This will facilitate *learning* and prompt *feedback* to operational staff of actionable lessons. Early ICRs will also reduce costs and improve quality, since they will be prepared before knowledgeable staff move on to other tasks.

3.18 If completion reporting is to be taken seriously, leadership by senior management is essential. The Operational Services Board should now take responsibility for managing and monitoring the reform during the two-year pilot phase, together with OCS, the Regions, and the Sector Boards, to ensure full ownership of the ICR reforms, especially in setting the framework for the ILIs and in promoting early pilot ICRs. It would be helpful if Human Resources (HR) were to introduce a section on staff contributions to knowledge sharing in the annual staff performance evaluation. OCS’s Help Desk (and OED staff in many cases) has been providing guidance to regional staff on demand, and based on this early experience, OCS is drafting a guidance pamphlet. Even so, successful introduction of the reforms faces some practical issues:

- Candidates for early ICRs and ILIs must be identified each spring, when Work Program Agreements (WPAs) are established, and OED should be kept informed to allow parallel audit opportunities to be planned.
- Preparing ICRs earlier *implies a one-time forward shift in corresponding budget resources*, since some early ICRs will jump into an earlier financial year. In a tight budget situation, this small shift of resources must be funded. During the pilot period, Regions are expected to produce at least five early ICRs each year.
- There is an urgent need for the Operational Services Board to develop a framework to evaluate and monitor the reform.

If completion reporting is to be taken seriously, leadership by senior management is essential.

ICR Bunching

3.19 Project closings show two distinct annual peaks—in June and December—but ICRs are heavily bunched toward the end of the fiscal year. During FY97–99, OED received more than half of all ICRs in the fourth quarter, and one-third in June alone. This bunching, a result of Regional efforts to complete their ICRs and get them in “under the wire,” creates overprogramming in OED during June–August, and can compromise the quality of both the ICRs and OED’s ICR reviews. Regions should focus—and be measured—on completing their ICRs within the regular six months after project closing.

Other Self-Evaluation

Trust Funds

3.20 A major evaluative gap has now been filled through the first annual trust fund evaluation report, which was issued in December 1998. The report was prepared by the Trust Fund Oversight team in Resource Management and Cofinancing (RMC) and covered 51 of the 65 Implementation Completion Memoranda (ICMs) due, together with a smaller number of ICMs for trust funds below \$1 million.⁶ The report emphasized the need for client ownership and improved Bank supervision of trust-funded activities. The importance of improved supervision was also underlined by a recent Internal Audit Department (IAD) audit of Bank-executed trust funds. In response to these findings, new trust fund guidelines were issued in late FY99, and RMC has finalized an action plan in collaboration with IAD and the Regions, with measures to support staff in trust fund management; to better define staff accountabilities; and to provide a timetable, with specific actions, a timeline, and responsibilities noted.

A major evaluative gap has now been filled through the first annual trust fund evaluation report, which was issued in December 1998.

Guarantees

3.21 In 1994 the Board revitalized the Bank’s guarantee instrument by approving a policy to mainstream the guarantee in Bank operations, reflecting the need to support private investment in developing countries, particularly for infrastructure. Since that time, the Bank has extended partial risk and partial credit guarantees, as well as the recent policy-based guarantee. While still representing a modest portion of the Bank’s total lending operations, guarantees may become more prominent as the Bank’s operations evolve. The Bank Group is also extending guarantees through the Multilateral Investment Guarantee Agency (MIGA) and the International Finance Corporation (IFC). There is now a need for a clear evaluative framework for guarantees Bankwide, cutting across organizational boundaries. OED plans to present an evaluation of Bank Group guarantees to CODE in FY01 and will review ways of doing this review on a Bankwide basis with MIGA and OEG.

Grants

3.22 For more than 25 years, grants have been controversial as a World Bank operational instrument. In practice, they have proven to be useful to meet the Bank’s development objectives in circumstances where an important development need could not be met through lending or support from Bank partners. Substantial management improvements were realized with the setting-up of the Development Grant Facility (DGF) in 1997, but OED concluded in an independent evaluation⁷ that compliance with sound management criteria has been mixed.⁸ As part of consideration of the DGF Annual Review in October 1999, the Board accepted an Operational Policy that largely addressed the issues raised by OED. All grant programs seeking \$300,000 or more will provide for an independent evaluation. Monitoring systems for all grant programs have been put in place through the Networks, and the DGF is expected to cluster the smaller programs to carry out cost-effective evaluations.

Research

3.23 The Bank's research program is subject to three kinds of review and evaluation: ex ante evaluation of research proposals; ex post evaluation of the results of research projects and programs; and periodic analysis of aspects of the research program. Research projects that receive more than \$20,000 from the Bankwide Research Support Budget (RSB) are subject to ex post expert evaluation within Development Economics (DEC); research publications are subject to professional peer review, and external publication is one of the criteria for assessing DEC staff performance. More substantial research papers are also sent out individually for external peer review in increasing numbers. As mentioned in the FY98 AROE, however, there is a need to harmonize the evaluation standards for research by DEC and the RSB.

Chapter 4

The Sector and Thematic Dimension

Sector Strategy Papers are now being prepared for all major sectors, but further strengthening is required in the specification of monitorable indicators and the focus on implementation. In addition, increased selectivity is needed in the design of sector strategies, with greater focus on the global policy issues that comprise the comparative advantage of the Bank. Quality assurance for sector operations would be more effective if it were moved further upstream, and occurred before implementation.

Sector Strategy Papers

4.01 While the Country Assistance Strategy (CAS) process has matured since its introduction in 1990, sector strategies have only been initiated since 1997. The Bank has made considerable progress in the past year, and work is now under way to complete Sector Strategy Papers (SSPs) for all sectors by FY02. These reports are designed to be the sector analogue of CASs and to provide the substantive and strategic underpinnings of matrix management. They are meant to provide an assessment of past performance in the sector, a review of the sector policy framework, an overview of partners' activities in the sector, an outcome-oriented work program grounded in regional plans and global priorities, and a diagnostic of program implementation constraints and risks. Few SSPs have fulfilled these expectations, and the need for firming up their guidelines is clear.

4.02 Most SSPs have incorporated results from OED evaluations (Annex 3). But SSPs have often lacked a transparent presentation of country-specific work programs; an explicit strategy for global sector coalitions; or sound assessments of risks, resources, and skills requirements. Advocacy has been a recurrent characteristic. In its review of draft SSPs, OED found that progress has been made on monitorable indicators, but more attention needs to be given to the interface between SSPs and CASs, and to the identification of desired outcomes, the yardstick for measuring sector performance. Maintaining a focus on implementation continues to be a challenge.

Most SSPs have incorporated results from OED evaluations.

4.03 OED is piloting follow-up studies to see how well SSPs have been implemented. The first of these pilots follows the first SSP, *Vision to Action in the Rural Sector*. The study recommends that the Rural Sector Board take the following steps:

- *Strengthen country sector strategy* by developing a Quality Enhancement Action Plan that clarifies who is responsible for what and lists priority countries.
- *Improve rural development monitoring* by revising the budget coding system to easily track rural development and by using a core set of indicators to monitor rural development at the country level.
- *Further raise portfolio quality* by publicizing good practice sector work, country sector strategies, and policy dialogues; by strengthening project monitoring and evaluation; and by using thematic teams to advise on upstream project preparation.
- *Improve staff capacity* by monitoring trends in the staff skills mix and training outcomes.

The Evolving Sector Dimension

4.04 The Bank's more comprehensive development agenda implies new thematic priorities that will cut across the established framework of sectoral organization. *Fuel for Thought*, the SSP that presents an environmental strategy for the energy sector, is an early example of a rapidly evolving trend. These new approaches will create issues of accountability, coordination, and partnership across a multitude of Sector Boards and Thematic Groups, and expose a still unsettled matrix structure to new challenges, in addition to the current issues of account-

ability and selectivity. The current accountability dilemma is clear: the Networks present sectoral programs with increasingly focused performance indicators, but have no real say in the Regional and country decisions that implement the Bank's program. It remains to be seen whether the recent changes in the matrix will be sufficient to address this matter appropriately.

Another challenge is the monitoring of progress toward poverty reduction, environmental sustainability, gender equity, public sector management, and other corporate priorities.

4.05 Another challenge is the monitoring of progress toward poverty reduction, environmental sustainability, gender equity, public sector management, and other corporate priorities. This requires data collection across sectoral lines and evaluative work to provide a sound basis for oversight by senior management and the Board. The current capacity of the Networks to track global trends and their implications is weak. Selectivity remains a largely unattained objective at the sectoral level. Below the Sector Boards, there has been a great expansion in the number of thematic groups—a proliferation that is largely supply-driven, and risks fragmenting quality management efforts at the sectoral level.

Economic and Sector Work

4.06 A recent study focused on the efficacy of ESW at the aggregate level by examining total resources devoted to this purpose at the country level, as well as the relationship of the annual performance of country lending programs to the quantity of resources devoted to ESW over the prior four years.¹ This analysis found that ESW improved the quality of Bank lending. One dollar spent on ESW yielded \$4 to \$8 in additional development impact for Bank loans, and one week spent on ESW saved 2.5 weeks of staff time on lending services, presumably by improving the ex ante design of projects. Finally, ESW generally increased project disbursements, while having little effect on project commitments, indicating that ESW increases lending efficiency.

4.07 However, the management and production of ESW tasks are nevertheless often inefficient. Reviews of individual ESW tasks by OED (1997)² and QAG (1998)³ found that the output often seemed to have relatively little impact on the Bank's operations or the client's policies and institutions. A working group has been established to institute procedures to improve the quality and management of ESW.

4.08 OED's recent report on poverty assessments illustrates the strengths and weaknesses of ESW. The report found that over the past three years, only about half of the poverty assessments were completed in the assigned fiscal year. The proportion of poverty assessments rated satisfactory for their economic quality had improved only modestly (to 61 percent from an earlier 54 percent), but the best efforts had a substantial impact on the programs of both the Bank and the country. Stakeholder satisfaction was high overall, but significant weaknesses were found in policy analysis, focus on goals, knowledge transfer, local partnership, and consultation. Poverty assessments, like other ESW, often suffer from unclear objectives and vague goals for the analytic work, weak links between recommendations and desired outcomes, and too little interaction with clients beyond central ministries. In addition, the Bank's matrix structure does not identify clear lines of accountability and answerability between Sector Boards and Regional management for delivering a quality product in a timely manner.

4.09 Given the high impact that good ESW can have, there is great potential for improvement. OED's 1997 report proposed a systematic evaluation process for major ESW products, including an ESW evaluation rating system that focused on impact and client feedback. It also recommended that OED assess the robustness of these evaluation processes after sufficient time has elapsed for their implementation. This recommendation is still valid. The ESW working group should put procedures in place to ensure that Activity Completion Reports with self-evaluation ratings are produced and assessed in a timely manner, and that ESW management procedures are strengthened.

Chapter 5

The Bank's Country Focus

The country has become the focal point of the Bank's renewal in strategy formulation; organizational structure; location of work; and, of particular interest here, performance monitoring. The CDF reinforces this country focus. Bank staff are working to make the CDF operational at the country level and to develop indicators that can be used to evaluate country and Bank performance. Efforts encompass a wide range of activities, including OED's own Country Assistance Evaluations. Considerable scope remains to align the work on performance indicators and to use them consistently.

Country Assistance Strategies

5.01 Since their introduction in FY91, CASs have become the centerpiece of the Bank's assistance strategy. Although still quite variable in quality, CASs are doing better in providing a comprehensive diagnosis of the main development challenges in the client country; recognizing the need for, if not always achieving, selectivity in the scope of lending and non-lending activities; and using a more participatory approach to document preparation. There is also more consistency between the assistance proposed in the CASs and the assistance delivered.

CASs are doing better in providing a comprehensive diagnosis of the main development challenges in the client country.

Self-Evaluation of CASs

5.02 The Bank conducted a self-evaluation of CASs in March 1998.¹ The study covered 18 months of CASs presented to the Board in FY97 and the first half of FY98. The main recommendations remain valid: improve the country's ownership of the strategy and use greater selectivity for proposed lending and non-lending services. Selectivity should be based on the expected impact of the measure on economic performance and sustainable poverty reduction, taking into account the activities of other donors. Monitoring at the country level should be improved to permit measurement of the impact of programs on economic performance and poverty reduction. The study also suggested that lessons of experience be more systematically incorporated into the CASs, and that OED's Country Assistance Evaluations (CAEs) be timed to permit inclusion of their findings in the CASs.

5.03 The retrospective was followed by draft guidelines that incorporated the study's recommendations.² A follow-up to the study is now being prepared, covering CASs presented to the Board in the second half of FY98 and FY99, which will evaluate their client-orientation and selectivity.

Comprehensive Development Framework

5.04 In FY99, the introduction of the CDF set a higher standard for the CASs and reinforced the messages of the 1998 CAS retrospective. The heart of the CDF is its focus on long-term strategy, participation and ownership, partnership, and a results-based approach. Some 13 countries have been selected to "pilot" the CDF approach; in "non-pilot" countries, the Bank is using more participatory approaches with government and civil society to identify constraints to development and areas for priority action; to increase involvement of the donor community; and, most important for evaluation purposes, to improve the monitorable indicators in the CASs. Looking ahead, all CASs should incorporate specific goals and appropriate indicators to measure country and Bank performance.

5.05 Defining monitorable indicators presents a number of challenges:

- The conceptual difficulty of identifying operationally useful benchmarks, particularly in the social sectors, that will evolve significantly within the timeframe of the strategy. For example, illiteracy rates and life expectancy change slowly, over decades, well beyond the timeframe of the country strategies. This calls for identifying “leading indicators” for outcomes and impact.
- Establishing clear linkages of inputs, outputs, reach, outcomes, and impact, and capturing these links in appropriate indicators.
- Having reliable data to use as a baseline and at regular intervals to monitor progress.
- Distinguishing between country development outcomes and World Bank performance.
- Being selective in the number and scope of the chosen indicators to avoid overwhelming the process of evaluation.

Current efforts in Structural and Social Reviews (SSRs) and Country Policy and Institutional Assessments (CPIAs) should be aligned with the efforts to identify and use indicators in CASs.

5.06 Further work in all these areas is needed, and current efforts in Structural and Social Reviews (SSRs) and Country Policy and Institutional Assessments (CPIAs) should be aligned with the efforts to identify and use indicators in CASs. In this context, the importance of working with client countries is central to self-evaluation. ECD involves working with technical ministries to internalize self-evaluation and to develop the capacity for regular, low-cost monitoring and evaluation. More efforts at ECD would go a long way toward realizing the principle of results-based management. (See Chapter 7 for a discussion of ECD.)

Self-Evaluation and Evaluation of the CDF Planned

5.07 At the corporate level, the Bank will present a mid-term report on CDF implementation in the pilot countries in April 2000 at the Development Committee meetings. An evaluation of these pilot efforts will be prepared before the Annual Meetings in September 2000. OED will carry out several independent, country-level evaluations of selected CDF countries in FY01 and FY02, and will use these evaluations and other studies to produce a comprehensive evaluation of the development effectiveness of the CDF approach in FY02 (see the 1999 ARDE for further discussion of the CDF).

Structural and Social Reviews³

5.08 The Bank has begun a pilot program of in-depth, country-level assessments. These SSRs have a medium-term macroeconomic, growth, and poverty reduction framework and focus on core areas of the public sector and governance, the private sector business environment, the financial sector, and the social protection system. These reviews are meant to provide the analytic foundation of the development strategy for the country, including a more socially sensitive approach to debt relief. They are also a potentially important source of self-evaluation at the country level and can serve as the key underpinning for the CAS.

Self-Evaluation of SSRs

5.09 The Poverty Reduction and Economic Management (PREM) Network presented an assessment of the SSRs to the Board in September 1999. Since their introduction (August 1998), only 2 SSRs have been completed (Malaysia and Uzbekistan), another 5 were planned for completion by the end of calendar 1999 (at least one in each Region), and about 10 other country teams had expressed interest in carrying them out. The assessment found that SSRs are a promising tool for providing diagnoses to form the basis of a development assistance strategy. It recommended that SSRs be carried out in all active borrowing countries, subject to country receptivity. It also recommended that the scope of the SSRs be expanded to be consistent with the CDF (to include, for example, education, health, infrastructure, and environmental issues). One other important role for the SSRs, not explicitly addressed in the PREM report, is the identification and use of baseline indicators that could then be incorporated into CAS documents.

Country Policy and Institutional Assessments

5.10 For IDA countries, CPIAs have been used for almost 20 years as one input in setting norms for the allocation of IDA resources (box 5.1). CPIAs are also used by QAG to identify portfolios that may be at risk (“country flags”), by management to select CAS documents and adjustment operations for review, by OED in its CAEs as one measure of country performance, and in a number of research projects.

5.11 The parameters in the CPIA have undergone a continuous evolution over the past two decades, and they will continue to evolve. Country scores are based mainly on the judgments of the country teams, endorsed by Regional chief economists, and reviewed by sector specialists. These scores are important factors for IDA allocations to the countries, which in turn will influence budgets, under Country Director control. There is a potential moral hazard in this process that should be examined in a independent review.

5.12 Given the importance of the CPIA and the potential for using the indicators as inputs into the Corporate Scorecard, it is important to ensure that the methodologies for selecting and defining the variables included in the CPIA, establishing the benchmarks, and determining individual country scores are harmonized with the indicators used in the CASs. As the CDF is internalized in the elaboration of country strategies, it will be important to avoid inconsistent measures and approaches to monitoring country performance.

OED's Country Assistance Evaluations

5.13 Focusing on the country as the unit of account, OED has produced 27 CAEs since FY95 and plans to issue 10–12 CAEs per year in the future.⁴ OED findings are often used by Regional staff as input to their CASs; Yemen and Nepal are two examples of this practice. Even where the CASs do not explicitly note OED findings, recommendations have sometimes been implicitly incorporated into the strategy. CAEs also serve as briefing documents for Board members in their CAS discussions.

5.14 The objective of the CAEs is to assess the relevance, efficacy, and efficiency of Bank assistance to countries over a period of time, typically about ten years. To do this, it is necessary to make an assessment of the main constraints confronting the country, the performance of the country in addressing those constraints, the relevance of Bank assistance, and the extent to which the outcome of the Bank's assistance can be associated with the successes and failures in the country. Using performance indicators for the country and for the Bank is an integral part of the evaluation process. To that end, incorporating monitoring indicators into CASs, using SSRs to develop them, linking SSRs to CPIAs, and linking CPIAs to CASs will help to make evaluation methodology of country performance and self-evaluations of Bank performance more consistent with each other, and will greatly facilitate the task of independent evaluation.

The Country Information Form (CIF)

5.15 OED is working toward harmonizing its country evaluation methodology and incorporating the assessments into a succinct format in order to arrive at performance measurements on the outcome of Bank assistance. The CIF, still a work in progress, will evaluate the Bank's country assistance strategy in three dimensions: (1) judgment on the products and services rendered by the Bank to a country over a specified period of time; (2) attribution of the assistance strategies' success or failure to the Bank, aid partners, the client country, and exogenous factors; and (3) judgment on the development outcomes and impacts of the assistance in relation to the inputs and outputs of the assistance strategy. The goal will be to evaluate Bank assistance through triangulation across the three dimensions, combined with judgments from OED, Regional staff, and the client country. The methodology of the CIF could eventually be used by the Bank, and by borrowers in undertaking their own self-evaluations.

OED findings are often used by Regional staff as input to their CASs.

Harmonization of Country Level Indicators

5.16 Considerable effort is still needed to develop consistent, objective, and reliable indicators at the country level, and this work needs better coordination and consistency: CASs incorporating the CDF, SSRs, CPIAs, CAEs, and forthcoming CIF all involve country-level assessments, and their indicators should be aligned. A task force should be established for this purpose.

Box 5.1 Country Policy and Institutional Assessments

The criteria and methodology of CPIAs have evolved over time, in response to the growing awareness of the importance of institutional and social policies and performance on long-term development and poverty alleviation. The inclusion of a broader range of performance

indicators has been largely a result of guidance from IDA deputies to go beyond macroeconomic indicators to areas such as poverty alleviation and concern for democratization and human rights.

CPIAs currently include 20 parameters, grouped into 4 categories:

- (1) Economic management
- (2) Structural policies
- (3) Policies for social inclusion
- (4) Public sector management and institutions.

Each IDA country is scored against a benchmark and guidelines for each of the 20 indicators. The overall CPIAs are

unweighted averages of the 20 scores, and are factored into a formula to arrive at a country's allocation of IDA resources. The exceptions to equal weighting of the indicators are cases where governance is particularly unsatisfactory.

Chapter 6

The Corporate Dimension

The Bank is becoming more results-oriented, and there has been progress in both evaluation and self-evaluation in areas such as knowledge management and training. But construction of the Corporate Scorecard—potentially a major step in implementing results-based management (RBM) in the Bank—has proceeded at a halting pace. Progress has also been slow in linking results, planning, and resource allocation, and in connecting operational evaluation data to the performance management system.

Results-Based Management

6.01 RBM is well-suited to priority setting in the Bank, starting from the mission statement, grounded in shared values. The FY98 AROE focused on performance measurement in the Bank in the context of evolving corporate requirements. The report traced the progress and key obstacles in implementing RBM, concluding that the broad systemic changes needed to fully incorporate RBM would take sustained effort over a number of years, and that the Bank should accelerate the pace of RBM implementation. Since that time, there has been a noticeable increase in RBM thinking within the Bank, strategy formulation has become more systematic at the country and sector levels, the learning culture has been nurtured through knowledge management and the activities of the World Bank Institute (WBI), and borrower ownership and beneficiary participation in program and project formulation are on the increase. (See Annex 4 for a glossary of RBM terminology.)

6.02 At the same time, no senior manager in the Bank is clearly answerable for RBM implementation and oversight, and there have been few concrete steps to address obstacles to RBM. Progress has been slow on the Corporate Scorecard, operational evaluation data are not used in the performance management system, and the current business planning and budgeting templates still focus largely on inputs and outputs. Accordingly, the Bank should now reinforce the efforts to align and manage strategies at the country, sector, and corporate levels within a results-oriented corporate framework. A key step in this regard is the designation of a senior manager and a vice presidential unit (VPU) as the locus of responsibility for coordinating and reporting on RBM in the Bank, with priority on setting out the strategic vision and identifying key areas for action.

No senior manager in the Bank is clearly answerable for RBM implementation and oversight.

Performance Measurement

The Corporate Scorecard

6.03 Progress on the Corporate Scorecard has been slow. The Scorecard is intended to monitor progress toward the agreed targets in the Bank's processes, outputs, and strategies, as well as toward the broader development outcomes and goals that are supported by the Bank. Designed properly, the Scorecard could eventually support the design and implementation of corporate goals through annual roll-ups of development results and management factors, both at the country level and for the Bank's operations as a whole.

6.04 The Scorecard is to be divided into three tiers:

- Tier III—*Internal Bank Measures*. This tier is becoming well established and will be enriched by information on Safeguard Policies. Technical issues remain concerning reach, and there is no clear linkage to the other tiers.
- Tier II—*Bank Performance*. This is the least well defined portion of the Scorecard. It is intended to summarize Bank performance at the country and sector levels by focusing on the initial quality of and subsequent delivery on the objectives of CASs and SSPs.
- Tier I—*Final Outcome Indicators and Indicators of Country Performance*. This will include the International Development Goals. Inclusion of other CDF indicators has yet to be agreed.

Human Resource Management (HRM)

6.05 HRM includes instruments to align staff work programs with institutional priorities, to enhance staff learning, and to clarify individual performance expectations through the OPE (Overall Performance Evaluation), an important tool for the performance management process. The OPE has now been fully automated, which will facilitate monitoring. The process is now in review, with a focus on overall compliance and the degree of results-orientation in staff results agreements. (Preliminary results indicate that more than 50 percent of the agreements lean toward *results* rather than *activities*.) However, operational evaluation data are not used in the performance management system. Also, a major share of the responsibility for facilitating learning, staff development, and the development of the staff skills mix resides with the Sector Boards, but there has been great variation in their engagement and vigor in approaching these issues. HR should take the lead in carrying out an overall assessment of these issues.

A Learning Culture Grounded in Evaluation

Knowledge Management

6.06 The knowledge management program has utilized performance benchmarks, surveys, and focus groups, providing the basis for periodic progress reports. In early 1999, a review was carried out for the Knowledge and Learning Council (KLC) by a team of knowledge management experts. They concluded that “the Bank’s knowledge management strategy is far-sighted in conception and sound in its fundamentals,” and that “much has been accomplished in a short time without spending a great deal of money.” Based on the recommendations of this group, management has targeted five priorities: re-state the knowledge management strategy; develop and implement a consistent, unified web policy; develop a communications strategy; mainstream part of the quality enhancement process; and *develop a monitoring and evaluation matrix (qualitative and quantitative)* to measure the impact of knowledge management activities on internal and external clients. This will provide a better and more systematic understanding of how knowledge programs and projects are progressing.

Training

6.07 The evaluation of Bank training activities improved during FY99 in several important areas:

- The World Bank Institute Evaluation and Scholarship Unit (WBIES), which conducts independent evaluations of WBI learning activities, has expanded its reach to cover the former Learning and Leadership Center (LLC), and has also produced its first strategic activity evaluation (looking at the strategies and approaches that the WBI has used in working with parliamentarians). Two more such reports are expected in FY00, and continued efforts are planned to expand the methodological approaches to assessing learning (box 6.1).
- The first comprehensive evaluation of staff training programs was presented to the KLC in July 1999. It rated the relevance and appropriateness of the programs as average, and performance on the key drivers of quality as below average. This evaluation should be used to move the Bank’s training programs from a content-driven format to a learner-centered approach.

6.08 Of two other major programs, the Executive Development Program (EDP) and the Staff Exchange Program, only the EDP has been subjected to significant evaluation. The EDP evaluation task force focused on the impact of program participation on institutional and behavioral changes, noting positive change in a number of areas, including collaboration, client focus, motivation, and sense of accountability. However, critical mass has not yet been attained: only 21 percent of respondents to the staff survey agreed that management attendance at the EDP has had a positive impact on the Bank.

Only 21 percent of respondents to the staff survey agreed that management attendance at the EDP has had a positive impact on the Bank.

Box 6.1: Evaluation in the WBI

The World Bank Institute Evaluation Unit (WBIEU) conducts independent evaluations of the learning programs and activities sponsored by the WBI, often in partnership with others, for both Bank clients and staff.

The unit views its evaluation work as taking place on four levels:

Level one

Self-reporting and perceptual data from respondents.

Level two

Objective measures of learning and skill mastery.

Level three

Behavioral outcomes and changes among those participating in the learning activities.

Level four

Institutional-level impacts that result from members of that institution participating in the learning activities.

WBIEU seeks to subject all WBI activities to its indepen-

dent evaluation at one of the four evaluation levels, typically at levels one and two, although this target has not yet been achieved. As a result of the merger of EDI and the LLC, the Bank's staff learning programs and activities are also being evaluated—a significant step forward. The main challenges facing WBI in the coming year include:

- Development of a strategy to move to level three evaluation of Bank staff training.

- Refining the evaluation strategies for the multiple, non-face-to-face learning modalities that are increasingly being used by WBI (how to measure learning gains from self-paced CD-ROM or web-based instruction, for example).
- Expanding the utilization of evaluation findings into the learning agenda of the Bank.

Evaluation Coordination

6.09 Earlier this year, the Quality Forum identified perceptions of “evaluation overload” among managers and staff as an issue of concern in the effort to enhance quality assurance and evaluation systems. OED focus groups also revealed staff perceptions of multiple, and perhaps duplicative, evaluation efforts, although many respondents apparently lump a variety of Bank assessments and reviews into a single *evaluation* category in arriving at this view. The Forum established an Evaluation and Control Working Group (ECWG), which concluded that there is a *lack of knowledge among staff* regarding the mandates and operational policies of evaluation and control functions across the Bank, as well as frustration with the *administrative aspects* of responding to evaluations. The Bank's increasingly inadequate filing systems contribute to this frustration. The ECWG further concluded that operational staff tend *not* to question the need for evaluative work, but rather the perceived inefficiencies and duplication of effort in planning and conducting evaluation and control functions.

6.10 The ECWG proposed a set of short- and medium-term actions to address the issue, which are now being implemented, and it is preparing a short description of evaluation mandates and processes as a first step in the development of a communications strategy for the evaluation and control units. The ECWG also recommended that:

- QAG, OED, and IAD should work to improve coordination of their work programs (addressed through a common database and procedures for avoiding duplication of evaluation efforts).
- Corporate Resource Management (CRM) should provide guidance to the Regions for provision of budgetary resources for staff involved in evaluation activities, without taxing other elements of WPAs or task budgets. This is important to avoid the pressure of additional, unfunded work on task managers subjected to evaluation activities.
- A medium-term effort should be launched to benchmark the Bank's arrangements for evaluation and control against the quality assurance practices of a range of comparator organizations.

Management Action Record (MAR)

6.11 Previously called the *Policy Ledger*, this standard evaluation and management tool enables the tracking of management actions in response to OED evaluation reports.

The MAR provides the primary inputs for—and is attached to—OED’s annual progress report to CODE, entitled “Learning from Evaluation.” The next progress report, covering FY99, is due to CODE in April 2000. During the review of the FY98 progress report, CODE stressed the need for change in the design and preparation of the MAR and endorsed the following steps:

- OED will make its recommendations selective, time-bound, and monitorable; these recommendations will be developed in active consultation with management.
- Management will include monitorable action plans in their responses and identify both the units responsible for taking the actions and those responsible for monitoring those actions.
- Sector Boards and Network Anchors will monitor the sectoral and cross-sectoral recommendations.
- Management will develop responses through more face-to-face meetings with principals, rather than paper-based exchanges.

In short, the ultimate objective of the process endorsed by CODE, management, and OED is to make the MAR lean, selective, operationally relevant, and participatory.

Systems Renewal Program (SRP)

6.12 The Bank’s ongoing SRP is being supervised by a steering committee that monitors progress against planned targets on an ongoing basis. In addition, the introduction of the SAP system is being looked at through (a) a monitoring of business levels and (b) an assessment of the country offices. A working group has been set up to measure the costs and benefits of the SRP against the targets, and to consider how the Bank can realize the expected cost savings.

Linking Results, Planning, and Resource Allocation

The Budget Process

6.13 The FY98 AROE pointed out that a “closer link among planning, budgeting, and evaluation requires more reliance on results in budget decisions and a greater evaluative content in the budget submissions provided by the management units. Current business planning and budgeting templates still focus largely on inputs and outputs, with no consistency across units in the use of outcome and impact indicators or in the treatment of the logical framework.” Overall, this observation still stands. The budget process that started this year with the Strategic Forum and the *Strategic Directions Paper* emphasized five principles, including results-based resource management, to increasingly direct the Bank’s limited resources to countries, sectors, and programs that deliver results in the most cost-effective way. But there is little evidence that evaluation data (from QAG and OED) have been used in the articulation of business plans by operational units or in FY00 budget allocation decisions.

6.14 Results-based resource allocation requires a closed budget loop, where the ex post assessment of results against plans feeds back into new budget allocations. This feedback mechanism has always been a weak point in the Bank’s resource allocation. To address this problem, early in FY00 the managing directors reviewed with each VPU their FY99 work program deliverables against actuals, as well as key issues (such as degree of overprogramming) for FY00. From now on, such meetings will take place quarterly to review progress and follow up on issues, possibly leading to reallocation of budgetary resources. This would help to achieve tighter coordination among strategic planning, budgeting, and evaluation.

Clear Accountabilities in a Decentralized Framework

Internal Control Framework

6.15 In 1995 the Bank adopted the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework and self-assessment methodology as the control philosophy in

There is little evidence that evaluation data (from QAG and OED) have been used in the articulation of business plans by operational units or in FY00 budget allocation decisions.

evaluating the effectiveness of its internal control, guiding the reengineering of the internal control process, and effecting change in the corporate mindset. This framework includes the evaluation of formal controls (policy manuals, procedures, and regulations), as well as informal controls, such as ethics, trust, communication, organizational behavior, and leadership. COSO is thus essentially good management, with the primary purpose of strengthening performance. It allows managers to assess the risks of their business units and to take quick, effective remedial action. In this way, COSO supports management assertion of internal control and raises the overall control awareness of management and staff. The main challenge for the Bank is the consistent achievement of COSO objectives across business units. The unevenness of progress is most pronounced in the relative pace of operationalization of the principles of sound financial accountability.

Chapter 7

The OED Agenda

A wide-ranging program of institutional renewal has permitted OED to work toward increasing the impact of evaluation on Bank performance. For broader impact, OED's evaluations are increasingly focused on higher units of account—countries, sectors, and themes—and are better aligned with Bank operational cycles. The messages from more timely evaluations are communicated through enhanced dissemination and partnerships. Nevertheless, OED needs to set new and more demanding objectives in order to address current weaknesses. A stronger program for ECD in borrowing countries is needed to meet a rapidly growing demand as a result of the CDF.

The Challenge

7.01 Under the oversight of CODE, independent evaluation attests to the adequacy of self-evaluation processes and products, while concentrating on “wholesale” evaluation at the policy and thematic levels and producing real-time feedback to all levels of management. After Board approval of the Strategic Compact, OED recognized that a changing Bank would also mean a changing OED—that to maintain its standards of excellence and to continue to contribute to the achievement of Bank objectives, OED would need to respond to a series of challenges. To remain in step with the Bank's evolving agenda, OED would need to aim at the following:

- Increase the impact of evaluation and make greater use of OED's comparative advantages by focusing on the development impact of the Bank as a full-service institution.
- Produce real-time feedback to management.
- Promote the use of RBM.
- Enhance the support of the Bank's efforts toward becoming a learning organization.

OED's Response

Comprehensive Renewal

7.02 OED has been carrying out an ambitious, comprehensive internal renewal program, centered around *meeting the new challenges* and *moving evaluation to a higher plane*:

- OED has shifted about a quarter of its resources from the evaluation of individual projects to the funding of new priorities: evaluations at higher units of account, capacity building, dissemination, and investing in knowledge.
- There has been a major increase in the number of country evaluations.
- Country evaluations have been aligned more closely with the CAS cycle, and sector and thematic evaluations are timed to supply lessons learned for SSPs and thematic progress reports.
- OED has reorganized for improved focus, modified internal planning and review procedures for faster feedback and approvals, introduced a more participatory business planning process, and carried out a major staff renewal, together with an increased emphasis on staff training.
- OED has also promoted participation in evaluation, strengthened dissemination of its evaluation results, expanded its external partnerships, and promoted ECD in borrowing countries.
- OED has established *criteria for excellence* to articulate the key quality dimensions for its reports. As part of the ongoing internal quality assurance efforts, a recent review (with external participation) of a sample of 1999 reports found generally good adherence to the criteria. There were, however, some remaining weaknesses that need to be addressed, particularly the inclusion of clear and convincing descriptions of evaluation methods used.

OED has been carrying out an ambitious, comprehensive internal renewal program, centered around *meeting the new challenges* and *moving evaluation to a higher plane*.

Participatory Evaluation

7.03 OED has promoted participatory evaluation as one of its core strategic priorities (Annex 5) by sharing design formats, eliciting information on performance and processing, and disseminating findings among stakeholders. Several CAEs have had participatory components, and the ongoing studies of Aid Coordination, Participation, Poverty, and Forestry are utilizing workshops as a tool to actively solicit and promote participation.

Dissemination

7.04 Dissemination of evaluation findings (Annex 6) is crucial if OED is to maximize its impact. The outreach challenge is to identify and communicate meaningful messages, lessons, and good practices as they emerge from OED's evaluations through a diverse mix of customized electronic and print products, designed to reach a broad audience. OED is creating a body of results-oriented evaluation literature and knowledge, available electronically, including a direct link to the Project Document System (PDS).

Evaluation Partnerships¹

7.05 OED is seeking to broaden its evaluation alliances with the development community, including possible joint evaluations with development partners. It is a member of the Development Assistance Committee (DAC) Evaluation Working Group. The DGO chaired the Evaluation Cooperation Group (ECG) of the Multilateral Development Banks (MDBs) until recently. Emerging from this work is an agreed set of *ECG evaluation criteria* for the main ratings of project, borrower, and MDB performance, which has just been adopted by the ECG as a desirable norm for harmonization. OED is also working closely with several bilateral donors. The partnership with the Swiss Development Corporation, which was set up in March 1997 to foster the dialogue on development effectiveness, now covers a wide variety of OED priority areas. OED has initiated a partnership agreement with the Norwegian Ministry of Foreign Affairs; initiated dialogue with the Evaluation Unit of the Ministry of Foreign Affairs, Government of Netherlands; and carried out its Aid Coordination Study in parallel with a similar UNDP study.

OED is placing increased emphasis on its external partnerships, seeking to broaden its evaluation alliances.

Evaluation Capacity Development

7.06 Improved capacity in borrowing countries to monitor and evaluate their development programs and projects is a vital component of their capacity building, and would make a strong contribution to the M&E of Bank operations. The Bank's move from project to program lending and the results-orientation of the CDF increase the importance of M&E and active borrower engagement. OED has been developing partnerships for ECD, with an initial emphasis on the Bank's Africa Region. Country directors have nominated a number of priority countries where the conditions—such as a supportive climate for public sector management reform and an explicit government commitment—appear to favor ECD. To foster government commitment, OED, in cooperation with the African Development Bank and others, organized a successful high-level seminar on ECD in Abidjan in November 1998. The seminar, which included participants from 12 African governments and representatives of 21 development assistance agencies, achieved substantial donor commitment to a collaborative approach to ECD in Africa. There is growing demand in other regions as well, partly in response to the CDF.

7.07 OED support has primarily been extended through workshops, identification of consultants, and provision of resource materials. The work for Ghana also involved a diagnosis of government M&E capacities and a suggested action plan, now under discussion with the government and other donors. The increasing demand for ECD raises questions of resource availability, the need to involve other partners, and mainstreaming ECD within Bank country activities.

Impact

7.08 OED's impact on Bank and borrower performance will often be indirect, and may become apparent only with the passage of time. It is therefore impossible to attribute a given share of the general improvement in Bank performance (such as in the quality of the active portfolio) to OED findings and advice. In several areas, however, one can discern more direct impacts of OED's activities in the Bank's operational methodologies and approaches, as described below:

- **OED's Recommendations Adopted by the Bank.** The FY98 *Policy Ledger*² found that 64 percent of all recorded OED recommendations were rated as *high* or *substantial* in their adoption by the Bank, with a clear distinction between the relatively high adoption rates for unit-specific recommendations, and the lower rate of adoption for corporate recommendations. Two areas with low rates of adoption were M&E and performance indicators. M&E is now recognized as a key problem area, and there is increased emphasis on monitorable indicators in Bank instruments.
- **Growing Impact on CASs.** OED's CAS-related country evaluations have moved toward appropriate synchronization with the CAS cycle. The FY99 ARPP found explicit references to OED evaluations in 40 percent of CASs, and Board members have commented on several occasions that the availability of a timely CAE has helped them in reviewing a CAS.
- **Quality of ICRs Is Improving.** OED's prompt feedback to operational staff on ICRs (through Evaluative Memorandums and Evaluation Summaries) has contributed to the continuing improvement in the quality of ICRs.
- **ICR Process Is Being Reformed.** Improvements in the ICR process for increased learning have been designed under the leadership of OED and OCS (Chapter 3). OED will now assist OCS and the Regions in implementing this reform.
- **Positive Feedback from the Board and CODE,** such as that from comments in Board, CODE, and Subcommittee meetings on the quality and usefulness of OED's work. At the CODE Subcommittee meeting to discuss OED's *Vision to Action? (Phase I) Report*, as one example, members "commended the report, its many valuable recommendations, the management response, and the high level of collaboration between OED and the Sector Board in the process."

Significant Weaknesses

7.09 During FY99, OED achieved several of its initial outcome objectives, as presented in its FY99 budget document:³ an increase in the percentage of satisfactory ICRs; development of the CIF; closer coverage of CASs and sectoral/thematic strategy papers by OED evaluative products; and good management compliance with OED recommendations (the Policy Ledger). However, the selected impact indicators were for the most part not measurable, and OED lacks mechanisms to systematically monitor all its selected outcome indicators. This problem will be addressed during FY00. Furthermore, OED has inadequate evidence of its impact on operational task managers.⁴ The Performance Audit Report (PAR) must be made more useful in improving the development effectiveness of Bank operations, evaluation methodology still has some important gaps, and OED needs to enhance its work on private sector development, financial management, and compliance with Safeguard Policies. These matters will also be taken into account through steps to adapt country and sector evaluations to the new development agenda.

Tracing OED's Impact

7.10 OED's renewal program is subject to adjustment every year and is guided by OED's increased focus on results throughout the results chain.⁵ To strengthen the results orientation and shorten its own feedback loop, OED will carry out a systematic program

OED has inadequate evidence of its impact on operational task managers.

During FY00, OED will review the PAR process, scope, and links to other products to strengthen its use as a learning tool in the Bank.

to ascertain more precisely the impact of its activities, information that will be fed back into program monitoring and design, to guide its FY01–03 work program.

Performance Audit Reform

7.11 During FY00, OED will review the PAR process, scope, and links to other products to strengthen its use as a learning tool in the Bank, because it is unclear if PARs in their current form offer sufficient value in relation to the time and resources they require. ⁶ PARs are inevitably backward- rather than forward-looking, and the case-by-case approach makes it difficult for Regional management to identify and address common weaknesses across the portfolio.

Methodology Development

7.12 OED will address several methodology questions, including the harmonization of evaluation criteria with Bank performance criteria, particularly in adapting country and sector evaluation tools to report on Bank and borrower performance in the context of the new development agenda.

Financial Management and Accountability (FMA)

7.13 The Bank is placing increased emphasis on governance in borrowing countries as a key determinant of sustainable growth. One important factor in this regard is financial accountability, an important preventive tool to reduce the adverse consequences of corruption in public life and to promote good governance. OED needs to strengthen its attention to FMA issues in its country and sector evaluations, as well as in the performance audits. As a first step, OED is working in partnership with the Regions to broaden the Bank’s ability to help build capacity for financial accountability at the country level through pilot case studies designed to develop a strategy to promote accountability through action learning.

Formalization of New Policies

7.14 The evaluation agenda has moved rapidly away from control to partnerships for learning. In consultation with management, OED plans to recast OD 13.60 on evaluation into an OP/BP to better capture the challenges to be met by independent and self-evaluation, to facilitate absorption of lessons of experience, and to achieve organizational learning, as well as improved accountability. The revision will focus on utilizing evaluation objectives, products, and processes to connect evaluation more closely to the Bank’s lending, advisory, analytical, and knowledge management services, with a view to improving work quality and development effectiveness.

Annex 1

Key Recommendations

Recommendation	Suggested Actions
(i) Reinforce efforts to align and manage strategies within a results-oriented corporate framework.	(a) Designation of a senior manager and a VPU as the focus of responsibility for coordinating and reporting on RBM in the Bank, with priority on strategic vision and identifying key areas for action. (b) Task force established by January 2000 under leadership of OPS and OED to align performance measures at the country level.
(ii) Emphasize M&E inside and outside the Bank in support of the CDF by addressing current M&E deficiencies in Bank operations and by stepping-up and mainstreaming recent initiatives for evaluation capacity development (ECD) in client countries.	(a) All projects going for approval from July 2000 to contain fully acceptable M&E. (b) QAG to prominently report on M&E through Quality at Entry and Quality of Supervision reviews. (c) Regions to develop ECD plans to support the Poverty Reduction Strategy Papers.
(iii) Assess the Bank's quality assurance and risk management practices against good practices in elite organizations.	Establish a task force by January 2000 to implement recommendation of the Evaluation and Control Working Group to start benchmarking Bank evaluation and quality assurance practices against those of a group of comparator organizations, including private sector and knowledge management entities.
(iv) Bank Group evaluation programs to be fully resourced, streamlined, and integrated to minimize overload and enhance learning for development effectiveness.	Findings and recommendations of the Evaluation and Control Working Group should be implemented, including: (a) Regions to budget from FY01 for resource implications of evaluation and quality assurance activities. (b) QAG, OED, and IAD to increase the coordination of their work programs through a common database and procedures to avoid duplication of evaluation efforts.
(v) OED to be managed for results.	(a) Systematic review of impact of OED on the Bank, to guide work program for FY01-03. (b) Assist OCS and the Regions in implementing the ICR reform, and carry out the PAR reform to strengthen learning.

Annex 2

Fourth OED Process Review of ICRs

1. An Implementation Completion Report (ICR)¹ is required for each lending operation, as a major Bank self-evaluation instrument. Completion represents a milestone in the project cycle, marking the transition from implementation to the project's future operation. OED conducts an independent review of each ICR. Through February 1998, this review was in the form of a written Evaluative Memorandum (EVM), and since then through an electronic document, the Evaluation Summary (ES).

2. This 1999 ICR Process Review is the fourth in a series reporting on the quality of project self-evaluations at completion. The third review² reported on the quality of the last group of ICRs reviewed in the EVM format. Accordingly, this fourth review presents information on the quality of ICRs reviewed by OED from March 1998 through June 1999 under the new ES format (500 total—complete list available on request). Since the ES form is automated in Lotus Notes, and thus available to all Bank staff and Board members, ESs do not need to be transmitted physically to the Board (as was the requirement with the previous EVM format).

3. Table A2.1 summarizes OED's output of completion report reviews and performance audits since FY92. Differences between total numbers received and reviewed are largely the result of bunching of ICR deliveries toward the end of the fiscal year.

Table A2.1: Annual Completion Report and Audit Output, FY92–99

	FY92	FY93	FY94	FY95	FY96	FY97	FY98	FY99
PCRs/ICRs received	276	277	268	243	273	319	236	296
Investment projects	254	247	219	216	214	281	201	238
Adjustment operations	22	30	49	27	39	38	26	47
PCRs/ICRs reviewed	303	277	266	275	250	313	284	268
Investment projects	265	251	238	227	209	278	246	232
Adjustment operations	38	26	28	48	41	35	38	36
Performance audits	135	137	122	123	100	79	71	69
Investment projects	107	106	99	90	83	66	58	55
Adjustment operations	28	31	23	33	17	13	13	14
Audit ratio (%) (Audits/ICRs)	45	49	46	45	40	25	25	25

Note: Numbers may not add up because: (i) An ICR is not prepared for a loan that fails to become effective or is canceled before significant implementation is initiated. Instead, a Project Completion Note (PCN) or an Implementation Completion Note (ICN) to the Board summarizes the project and explains why it was not implemented. (ii) Because the totals also include reports on grant- or trust-funded projects.

Major Findings on ICR Quality

Overall Quality of ICRs is High and Improving

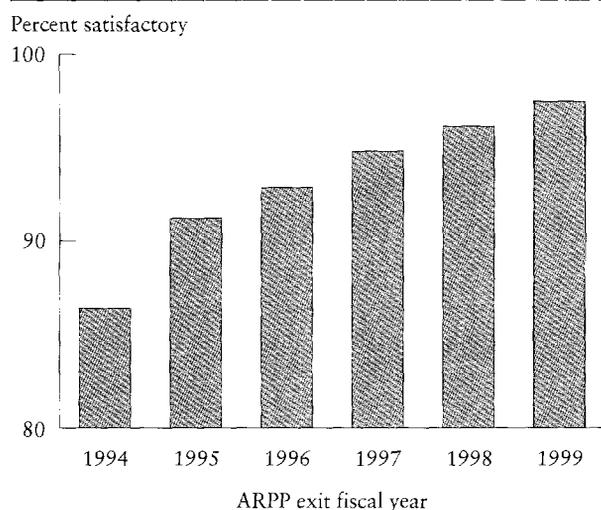
4. As summarized in table A2.2, ICR quality ratings continue to improve, from 92 percent satisfactory in FY97 to 97 percent in FY99, and with 96 percent satisfactory for all ICRs reviewed since March 1998. Since FY97, all but two Regions (MNA and SAR) have shown improvements, and all four Networks have had high levels of satisfactory ICR quality, while there are some sectoral variations (Attachment 2.1).

5. Using the cumulative experience of all four ICR Process Reviews, it can be seen that there has been a continued increasing trend in ICR quality since the exit fiscal year 1994 (figure A2.1). This suggests that operational staff continue to internalize the general completion reporting methodology.

Table A2.2: Quality of Implementation Completion Reports, FY97–99

	Number reviewed			Percent satisfactory		
	FY97	FY98	FY99	FY97	FY98	FY99
Region						
Africa	87	90	79	89	91	100
East Asia and Pacific	47	39	42	89	97	100
Europe and Central Asia	30	29	28	93	100	96
Latin America and Caribbean	48	55	65	92	95	94
Middle East and North Africa	27	24	20	96	92	90
South Asia	50	40	32	98	95	94
Network						
Environmentally & Socially Sustainable Development	66	77	63	89	95	97
Finance, Private Sector & Infrastructure	125	114	106	94	96	96
Human Development	47	46	57	96	87	96
Poverty Reduction & Economic Management	51	40	40	88	95	98
Total	289	277	266	92	94	97

Note: This table summarizes the complete breakdown shown in Attachment 2.1.

Figure A2.1: Overall ICR Quality Trend

The Share of Exemplary ICRs Has Increased by 50 Percent

6. In addition to the general improvement in overall ICR quality, a growing number of ICRs are being rated by OED as *exemplary*. In FY99, 9 percent (24 of 266 ICRs) of the ICRs reviewed were in this category, compared with fewer than 5 percent (16 out of 334) in the Third Review (box A2.1).

7. The very high—and still rising—level of ICRs rated satisfactory reflects a widespread adherence to the basic ICR reporting requirements. This overall rating has a *product focus*, reflecting the degree of satisfaction with a report's structure, evidence, and internal consistency. This is important, because a clear and accurate account of the facts provides the basis for good evaluation. Beyond the focus on the ICR product, however, there are critical by-products of a meaningful self-evaluation process. As described in the following paragraphs, the assessment of these key areas is less favorable, and shows substantial room for further improvements.

Forward-Looking Orientation Is Frequently Lacking

8. ICRs are expected to have a forward-looking orientation, rather than simply verifying implementation goals. Guidelines require the borrowers to provide a plan for the project's future operation, after Bank disbursements and project implementation have been completed. *ICRs have long been chronically deficient in this area*, and there has been a very modest improvement from the Third to this Fourth Process Review.³ Table A2.3 shows that, overall, the ICRs with a plan went up from 47 percent to 61 percent, but the satisfactory plans only went up from 22 percent to 24 percent. *An increasing number of ICRs appear to misinterpret the operational guidelines*. Their discussion of "Future Operations" is supposed to provide a description and assessment of the plan for the future operation of *the project*, including understandings with the borrower on the measures to maximize the project benefits, indicators for

Box A2.1: Exemplary ICRs

In FY99, OED evaluators found the following 24 of the 266 ICRs reviewed in FY99 to be of “exemplary” quality:

Country/Area	Project	Country/Area	Project
Argentina	Capital Market Development	Indonesia	Flores Earthquake Reconstruct
Bangladesh	Agricultural Support Services	Indonesia	Village Infrastructure
Brazil	Itaparica Resettlement & Irrigation	Mali	Office du Niger Consolidation
Caribbean Region	Caribbean Development Bank 6	Mauritius	Higher and Technical Education
Chile	Public Sector Management 2	Pakistan	SCARP Transition 2
China	National Afforestation	Peru	Debt & Debt Service Reduction
China	Shuikou Hydroelectric 2	São Tomé & Príncipe	Multisector 2
Colombia	National Roads Sector 3	Tanzania	Nat'l Agri. & Livestock Resch.
Ghana	Tertiary Education	Turkey	Technology Development
Guinea-Bissau	Energy	Uganda	Water Supply 2
India	Hyderabad Water Supply & Sanitation	Uruguay	Contractual Savings SAL
Indonesia	Jabotabek Urban Dev. 2	Venezuela	Agricultural Sector Investment

All Networks are represented, as well as all Regions, with the exception of MNA. A few of the ICRs were rated exemplary despite the absence of the Plan for Future Operation, borrower input, or both. Nevertheless, these ICRs were still considered exemplary because of their thorough, balanced, and comprehensive discussion of the project and its implementation.

One-fourth of the exemplary ICRs in FY99 were for projects with unsatisfactory outcome ratings. There were *no outcome ratings changes* among the exemplary ICRs; *sustainability* was downgraded twice and upgraded twice; and *institutional development impact* was downgraded once and upgraded three times. Only 29 percent of the exemplary ICRs had a ratings change in at least one rating category, versus 37 percent for all FY99 projects.

the M&E of future project operation, and the Bank's follow-up actions. Instead, almost 40 percent of the ICRs now have a section entitled “Future Operations” that discusses future activities in the country/sector, typically in the context of future Bank operations, but without a proper discussion of the future operations of the particular investment project.

Borrower Input Is Increasing

9. The borrower is required to prepare its own evaluation report to be used as an input to the ICR. This required input is now found in 91 percent of the ICRs, up from 78 percent in the Third Review (table A2.4). However, while the quantitative improvement is very positive, qualitatively the borrower input is still rather superficial in many instances, confirming the need for substantial improvements in evaluation capacity building.

Table A2.3: Analysis of Plan for Future Operation in ICRs

	FY99		Third Process Review	
	Number	Percent	Number	Percent
The plan for future operation is present and satisfactory	63	24	72	22
There is a plan for future operation, but it misses the meaning of the OP (discusses future operations in the country/sector)	98	37	83	25
Mentions future operation, but no plan for future operation	89	33	152	46
No mention at all of future operation of the project	16	6	27	8
Total	266	100	334	100

Table A2.4: Analysis of Borrower Input to the ICR

	FY99		Third Process Review	
	Number	Percent	Number	Percent
Borrower input not present	25	9	74	22
Borrower input present—quality ranges from comments to actual assessment (per the OP)	241	91	260	78
Not applicable for Completion Notes (ICN or PCN)	2		15	
Total	266	100	334	100

Quality of Self-Evaluation Ratings

ICR Outcome Ratings are Becoming More Robust

10. Table A2.5 (and in more detail in Attachments 2.2 and 2.3) shows that OED disagreed with the ICR outcome ratings in 10 percent of the FY97 evaluations, but that this percentage dropped to 6 percent in FY98, and increased again moderately in FY99.

OED Disagrees with a Substantial Number of the Individual Rating Categories

11. While the outcome ratings are becoming more solid, this is not the case for individual rating categories. For *sustainability*, over FY97–99 OED changed the ratings in 20 percent of the ICRs—18 percent down, and only 2 percent up. For *institutional development (ID) impact*, the ratings were changed in 21 percent of the cases—13 percent down, and 8 percent up.⁴ In total, 37 percent of the ICRs reviewed by OED received a ratings change in at least one category.

12. Sustainability rating changes occurred least often in ECA and EAP, and most often in MNA. ESSD and FPSI were equal to the average of 20 percent overall, HD had 25 percent and PREM had 15 percent. Although the numbers are often small, Finance and Social had the most changes (37 and 55 percent, respectively). In ID impact changes, all Regions had a decreasing number of changes between FY97 and FY99, except for ECA, which remained steady near the overall average of 21 percent. FPSI Network had the most changes at 24 percent, and HD and PREM had the least, at 16 and 17 percent, respectively. Again, although the numbers are small, Finance, Oil and Gas, and Social had the most changes (30, 35, and 41 percent respectively).

The ES Rating Changes Are Only a Part of the Picture

13. Table A2.5 shows that 13 percent of the projects had a change in their outcome ratings from final PSR to ICR (10 percent down, 3 percent up), almost double the rate from ICR to ES. This indicates that many task managers have an unrealistic view of the quality of their projects.

14. Finally, after the ES, many ratings are changed again at project performance audits (PARs). Table A2.6 shows that this is not so common for overall outcomes, which changed 12 percent of the time (8 percent down, 4 percent up). But sustainability ratings changed 30 percent of the time (20 percent down, 10 percent up), and ID impact ratings changed in 29 percent of cases (20 percent down, 9 percent up) (Attachments 2.4 and 2.5). In total, OED made a change from the ES in at least one rating category in 51 percent of the projects audited thus far in 171 PARs with corresponding ESs (Attachment 2.6). One possible explanation for this many changes is the elapsed time between implementation completion and performance audit, which permits a more accurate view of the longer-term project impact.

ICR Process Reform

15. During 1998, a Bankwide working group (set up by DGO/MDOMD) reviewed the ICR process to identify ways to enhance the contribution of ICRs to the Bank's development effec-

Table A2.5: Trend in Outcome Rating Discrepancies, FY97–99

	PSR to ICR				ICR to ES				ES to PAR	
	FY97	FY98	FY99	Overall (since 1995)	FY97	FY98	FY99	Overall (since 1995)	FY97–99	Overall (since 1995)
Region										
Africa	14	14	15	15	14	8	5	6	9	11
East Asia and Pacific	4	10	14	9	9	5	5	5	12	8
Europe and Central Asia	14	4	7	8	3	3	11	6	12	9
Latin America and Caribbean	21	9	12	13	15	4	12	8	0	15
Middle East and North Africa	26	8	5	13	4	4	5	7	100	15
South Asia	21	15	13	19	6	10	6	6	11	13
Network										
Environmentally & Socially Sustainable Development	17	9	19	13	6	8	13	7	25	26
Finance, Private Sector, & Infrastructure	17	9	15	14	10	7	7	8	11	11
Human Development	9	20	5	9	17	2	4	6	0	10
Poverty Reduction & Economic Management	18	13	5	13	6	5	8	4	0	0
Total	16	11	13	13	10	6	8	7	11	12

Note: This table summarizes the complete breakdown shown in Attachment 2.2.

tiveness. The group recommended, among other measures, a simpler electronic core accountability ICR (CAI), which would be required for all operations; an Intensive Learning ICR (ILI), for about a third of projects; and the preparation of ICRs at an earlier stage, approximately at completion of implementation, as intended by the General Conditions.

16. The new ILIs will shorten the feedback loop to new operations, since many will be done during the preparation of similar operations, including follow-ups, and will provide opportunities for borrowers and Bank staff to nurture mutual accountability for results.

17. Earlier preparation of ICRs should make the process quicker and easier. Both project and borrower task managers would still be actively engaged and available, and the assessment is likely to be of more interest to stakeholders and beneficiaries. Earlier ICRs, especially ILIs, would also be more timely in feeding lessons into similar, new operations. Thus, candidates for FY00 ILIs are projects that will close in FY00, or even later (under Systems Renewal, operations will be “flagged” to Regional managers for an ICR as they approach full disbursement). ILIs would include an in-country stakeholder workshop, possibly a beneficiary survey before the workshop, and participation by a thematic group member from another Region. In cases where OED chooses to do parallel audits alongside ILIs, including participation in stakeholder workshops, it would both validate the ILI findings and comment on the ILI process during the two pilot years (FY00–01). OED expects to do at least 12 such parallel audits during the pilot years.

18. In important departures from previous practice, the relevance of project objectives, judged at the time of evaluation rather than against the standards at the time of Board approval, is to become an additional factor in rating outcome, and the impact of institutional development is to be rated (both in keeping with OED’s current practice). These criteria will also be introduced into supervision ratings in the Project Status Report (PSR). This last change will be helpful in ensuring that during supervision, project designs are regularly reviewed for both their continuing relevance and their impact on institutional change.

Table A2.6: Overall Outcome, Sustainability, and ID Impact: Changes since 1995 Between ES and PAR

	<i>Outcome</i>			<i>Sustainability</i>			<i>ID Impact</i>		
	<i>Down</i>	<i>Up</i>	<i>Overall</i>	<i>Down</i>	<i>Up</i>	<i>Overall</i>	<i>Down</i>	<i>Up</i>	<i>Overall</i>
Region									
Africa	9	2	11	33	4	37	13	7	20
East Asia and Pacific	8	0	8	20	8	28	20	4	24
Europe and Central Asia	4	4	9	4	4	9	27	9	36
Latin America and Caribbean	12	4	15	19	31	50	27	15	42
Middle East and North Africa	8	8	15	23	15	38	21	7	29
South Asia	8	5	13	16	5	21	18	11	29
Network									
Environmentally & Socially Sustainable Development	16	11	26	24	5	29	24	3	26
Finance, Private Sector, & Infrastructure	8	3	11	15	16	31	16	9	25
Human Development	10	0	10	40	5	45	30	5	35
Poverty Reduction & Economic Management	0	0	0	18	5	23	18	16	34
Total	8	4	12	20	10	30	20	9	29

Note: This table show details of the data presented in Attachment 2.3.

Attachment 2.1: ICR Quality Ratings Trend

	<i>Evaluation Summaries</i>									
	<i>FY97</i>		<i>FY98</i>		<i>FY99</i>		<i>All ES (since Q2 FY98)</i>		<i>Overall since 1995</i>	
	<i># Rated</i>	<i>% Sat</i>	<i># Rated</i>	<i>% Sat</i>	<i># Rated</i>	<i>% Sat</i>	<i># Rated</i>	<i>% Sat</i>	<i># Rated</i>	<i>% Sat</i>
Region										
Africa	87	89	90	91	79	100	154	98	375	93
East Asia and Pacific	47	89	39	97	42	100	83	99	190	95
Europe and Central Asia	30	93	29	100	28	96	60	95	124	96
Latin America and Caribbean	48	92	55	95	65	94	103	93	221	92
Middle East and North Africa	27	96	24	92	20	90	41	93	110	89
South Asia	50	98	40	95	32	94	59	97	161	97
Sector										
Agriculture	64	89	70	94	60	97	97	96	266	93
Education	27	96	20	90	29	93	47	94	111	94
Electric Power & Other Energy	27	96	21	100	12	100	29	100	89	93
Environment	2	100	7	100	3	100	11	100	15	100
Finance	9	89	12	100	21	90	43	93	67	91
Industry	11	100	10	100	7	100	13	100	41	95
Mining	1	0	4	75	2	100	5	60	11	73
Multisector	36	94	28	93	19	95	41	98	122	95
Oil & Gas	5	100	6	100	7	86	18	94	34	91
Population, Health & Nutrition	16	94	18	94	15	100	33	97	63	95
Public Sector Management	15	73	12	100	21	100	36	100	76	95
Social Sector	4	100	8	63	13	100	24	92	33	88
Telecommunications	7	86	7	100	5	100	6	100	21	95
Transportation	36	89	24	96	21	95	37	97	115	92
Urban Development	14	100	19	89	19	100	30	97	65	95
Water Supply & Sanitation	15	100	11	100	12	100	30	100	52	98
Network										
Environmentally & Socially Sustainable Development	66	89	77	95	63	97	108	96	281	93
Finance, Private Sector & Infrastructure	125	94	114	96	106	96	211	96	495	93
Human Development Poverty Reduction & Economic Management	47	96	46	87	57	96	104	94	207	93
51	88	40	95	40	98	77	99	198	95	
Loan type										
Adjustment	44	95	37	92	36	94	75	96	186	95
Investment	245	91	240	95	230	97	425	96	995	93
Lending source										
IBRD only	145	93	133	97	124	94	232	95	576	94
IDA/blend	144	91	144	92	142	99	268	97	605	93
WDI99 income group										
High	6	100	7	100	4	100	10	100	25	100
Lower	141	92	140	91	116	98	231	97	574	93
Lower-middle	95	93	87	97	100	95	179	96	403	93
Upper-middle	47	89	43	98	46	96	80	94	179	94
Total	289	92	277	94	266	97	500	96	1181	93

Attachment 2.2: Trends in Outcome Rating Changes

	PSR to ICR — outcome								ICR to ES — outcome								ES to PAR — outcome					
	FY97		FY98		FY99		Overall since 1995		FY97		FY98		FY99		Overall since 1995		FY97-99		Overall since 1995			
	#	% with Rated	#	% with Rated	#	% with Rated	#	% with Rated	#	% with Rated	#	% with Rated	#	% with Rated	#	% with Rated	#	% with Rated	#	% with Rated		
Region																						
Africa	87	14	90	14	79	15	374	15	87	14	90	8	79	5	375	6	32	9	46	11		
East Asia & Pacific	47	4	39	10	42	14	188	9	47	9	39	5	41	5	188	5	17	12	25	8		
Europe & Central Asia	29	14	28	4	27	7	119	8	30	3	29	3	28	11	124	6	17	12	23	9		
Latin America & Caribbean	48	21	55	9	65	12	220	13	48	15	55	4	65	12	221	8	21	0	26	15		
Middle East & North Africa	27	26	24	8	20	5	109	13	27	4	24	4	20	5	109	7	3	100	13	15		
South Asia	48	21	40	15	30	13	156	19	49	6	40	10	32	6	159	6	27	11	38	13		
Sector																						
Agriculture	63	17	70	10	60	18	262	13	63	6	70	7	60	13	265	7	28	21	34	24		
Education	27	7	20	15	28	4	110	7	27	15	20	0	29	3	111	5	9	0	14	14		
Electric Power & Other Energy	27	15	21	19	12	25	88	18	27	4	21	19	11	9	86	8	11	27	16	19		
Environment	2	0	7	0	3	33	15	13	2	0	7	14	3	0	15	7	4	50	4	50		
Finance	9	22	12	0	21	5	67	9	9	11	12	8	21	10	67	7	5	20	8	13		
Industry	10	30	10	20	7	29	40	25	11	18	10	10	7	0	41	12	5	0	11	0		
Mining	1	0	4	0	2	50	11	18	1	0	4	25	2	0	11	9	1	0	1	0		
Multisector	35	17	27	7	19	11	119	12	36	3	28	7	19	11	122	4	17	0	28	0		
Oil & Gas	5	0	6	0	7	14	33	9	5	20	6	0	7	14	34	12	3	0	3	0		
Population, Health & Nutrition	16	13	18	28	14	7	62	13	16	6	18	6	15	7	63	11	2	0	2	0		
Public Sector Management	15	20	12	25	21	0	74	16	15	27	12	0	21	5	75	4	7	0	11	0		
Social Sector	4	0	8	13	13	8	33	6	4	50	8	0	13	0	33	0	3	0	4	0		
Telecommunications	7	0	7	14	5	20	21	10	7	14	7	0	5	0	21	5						
Transportation	36	11	24	8	20	10	114	11	36	8	24	0	21	0	115	3	15	7	24	13		
Urban Development	14	36	19	5	19	11	65	17	14	7	19	0	19	5	65	3	5	0	6	0		
Water Supply & Sanitation	15	20	11	0	12	25	52	17	15	20	11	9	12	17	52	15	2	0	5	20		

Attachment 2.2: Trends in Outcome Rating Changes (continued)

	<i>PSR to ICR — outcome</i>								<i>ICR to ES — outcome</i>								<i>ES to PAR — outcome</i>			
	FY97		FY98		FY99		Overall since 1995		FY97		FY98		FY99		Overall since 1995		FY97-99		Overall since 1995	
	#	% with Rated Change	#	% with Rated Change	#	% with Rated Change	#	% with Rated Change	#	% with Rated Change	#	% with Rated Change	#	% with Rated Change	#	% with Rated Change	#	% with Rated Change	#	% with Rated Change
Network																				
Environmentally & Socially Sustainable Development	65	17	77	9	63	19	277	13	65	6	77	8	63	13	280	7	32	25	38	26
Finance, Private Sector & Infrastructure	124	17	114	9	105	15	491	14	125	10	114	7	105	7	492	8	47	11	74	11
Human Development Poverty Reduction & Economic Management	47	9	46	20	55	5	205	9	47	17	46	2	57	4	207	6	14	0	20	10
	50	18	39	13	40	5	193	13	51	6	40	5	40	8	197	4	24	0	39	0
Loan type																				
Adjustment	43	16	36	11	36	6	182	11	44	5	37	5	36	11	185	4	22	0	40	3
Investment	243	16	240	11	227	14	984	13	244	11	240	6	229	7	991	7	95	14	131	15
Lending source																				
IBRD only	143	17	133	11	123	14	569	13	145	10	133	5	123	7	573	6	51	16	79	13
IDA/blend	143	15	143	11	140	11	597	13	143	10	144	7	142	8	603	7	66	8	92	11
WDI99 income group																				
High	6	0	7	0	4	0	25	4	6	17	7	0	4	0	25	4				
Lower	139	16	139	15	113	13	566	15	140	12	140	8	116	6	573	7	62	10	88	13
Lower-middle	94	18	87	9	100	11	398	12	95	6	87	6	99	9	399	6	35	11	58	10
Upper-middle	47	13	43	5	46	15	177	11	47	9	43	2	46	9	179	6	20	15	25	12
Total	286	16	276	11	263	13	1166	13	288	10	277	6	265	8	1176	7	117	11	171	12

Attachment 2.3: ES to PAR Changes Overall: Magnitude and Direction of Rating Changes Between ES and PAR since 1995

	Overall		Outcome									Sustainability							ID Impact							
	# with Change	% with Change	# jointly rated	Down grade	Up grade	# Change (bin)	% Down grade	% Up grade	% No change	% Na change	# jointly rated	Down grade	Up grade	# No change	% Down grade	% Up grade	% No change	Net change	# jointly rated	Down grade	Up grade	# No change	% Down grade	% Up grade	% No change	
Region																										
Africa	23	50	46	4	1	41	9	2	89	7	46	15	2	29	33	4	63	28	46	6	3	37	13	7	80	
East Asia & Pacific	10	40	25	2	0	23	8	0	92	8	25	5	2	18	20	8	72	12	25	5	1	19	20	4	76	
Europe & Central Asia	11	48	23	1	1	21	4	4	91	0	23	1	1	21	4	4	91	0	22	6	2	14	27	9	64	
Latin America & Caribbean	17	65	26	3	1	22	12	4	85	8	26	5	8	13	19	31	50	-12	26	7	4	15	27	15	58	
Middle East & North Africa	7	54	13	1	1	11	8	8	85	0	13	3	2	8	23	15	62	8	14	3	1	10	21	7	71	
South Asia	19	50	38	3	2	33	8	5	87	3	38	6	2	30	16	5	79	11	38	7	4	27	18	11	71	
Sector																										
Agriculture	18	53	34	4	4	26	12	12	76	0	34	7	2	25	21	6	74	15	34	8	1	25	24	3	74	
Education	11	79	14	2		12	14	0	86	14	14	8		6	57	0	43	57	14	5		9	36	0	64	
Electric Power & Other Energy	7	44	16	3		13	19	0	81	19	16	2	2	12	13	13	75	0	17	4	2	11	24	12	65	
Environment	3	75	4	2		2	50	0	50	50	4	2		2	50	0	50	50	4	1		3	25	0	75	
Finance	4	50	8	1		7	13	0	88	13	8	3		5	38	0	63	38	8	1	1	6	13	13	75	
Industry	5	45	11			11	0	0	100	0	11	3	1	7	27	9	64	18	11	2		9	18	0	82	
Mining	0	0	1			1	0	0	100	0	1			1	0	0	100	0	1			1	0	0	100	
Multisector	11	39	28			28	0	0	100	0	28	3	2	23	11	7	82	4	27	5	3	19	19	11	70	
Oil & Gas	2	67	3			3	0	0	100	0	3			3	0	0	100	0	3	1	1	1	33	33	33	
Population, Health & Nutrition	0	0	2			2	0	0	100	0	2			2	0	0	100	0	2	2		2	100	0	100	
Public Sector Management	8	73	11			11	0	0	100	0	11	4		7	36	0	64	36	11		3	6	0	27	55	
Social Sector	2	50	4			4	0	0	100	0	4			1	3	0	25	75	-25	4	1	1	2	25	25	50
Telecommunications	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	11	46	24	2	1	21	8	4	88	4	24	3	6	15	13	25	63	-13	24	4	1	19	17	4	79	
Urban Development	2	33	6			6	0	0	100	0	6			2	4	0	33	67	-33	6		6	0	0	100	
Water Supply & Sanitation	3	60	5		1	4	0	20	80	-20	5		1	4	0	20	80	-20	5		2	3	0	40	60	

Attachment 2.3: ES to PAR Changes Overall: Magnitude and Direction of Rating Changes Between ES and PAR since 1995 (continued)

	Overall		Outcome					Sustainability							ID Impact										
	# with Change	% with Change	# Jointly rated	Down grade	Up grade	# Change (bit)	% Down grade	% Up grade	% No change	% Net change	# Jointly rated	Down grade	Up grade	# No change	% Down grade	% Up grade	% No change	% Net change	# Jointly rated	Down grade	Up grade	# No change	% Down grade	% Up grade	% No change
Network																									
Environmentally & Socially Sustainable Development	21	55	38	6	4	28	16	11	74	5	38	9	2	27	24	5	71	18	38	9	1	28	24	3	74
Finance, Private Sector & Infrastructure	34	46	74	6	2	66	8	3	89	5	74	11	12	51	15	16	69	-1	75	12	7	56	16	9	75
Human Development Poverty Reduction & Economic Management	13	65	20	2		18	10	0	90	10	20	8	1	11	40	5	55	35	20	6	1	13	30	5	65
	19	49	39			39	0	0	100	0	39	7	2	30	18	5	77	13	38	7	6	25	18	16	66
Loan type																									
Adjustment	17	43	40	1		39	3	0	98	3	40	9	2	29	23	5	73	18	39	5	3	31	13	8	79
Investment	70	53	131	13	6	112	10	5	85	5	131	26	15	90	20	11	69	8	132	29	12	91	22	9	69
Lending source																									
IBRD only	44	56	79	8	2	69	10	3	87	8	79	15	9	55	19	11	70	8	79	21	10	48	27	13	61
IDA/blend	43	47	92	6	4	82	7	4	89	2	92	20	8	64	22	9	70	13	92	13	5	74	14	5	80
WDI99 income group																									
High																									
Lower	44	50	88	7	4	77	8	5	88	3	88	20	7	61	23	8	69	15	88	13	13	66	15	15	75
Lower-middle	27	47	58	6	2	52	10	3	90	7	58	13	4	41	22	7	71	16	58	14	14	42	24	24	72
Upper-middle	16	64	25	1		22	4	0	88	4	25	2	6	17	8	24	68	-16	25	7	7	14	28	28	56
Total	87	51	171	14	6	151	8	4	88	5	171	35	17	119	20	10	70	11	171	34	15	122	20	9	71

Attachment 2.4: Trends in Sustainability Ratings Changes

Region	ICR to ES — Sustainability								ES to PAR — Sustainability			
	FY97		FY98		FY99		Overall since 1995		FY97-99		Overall since 1995	
	# Rated	% with Change	# Rated	% with Change	# Rated	% with Change	# Rated	% with Change	# Rated	% with Change	# Rated	% with Change
Africa	87	24	90	23	79	24	373	23	32	34	46	37
East Asia & Pacific	47	15	39	18	41	17	188	14	17	35	25	28
Europe & Central Asia	30	13	29	10	28	11	123	13	17	0	23	9
Latin America & Caribbean	48	17	55	15	63	14	219	17	21	38	26	50
Middle East & North Africa	26	38	24	25	20	25	108	30	3	67	13	38
South Asia	50	16	40	25	32	31	158	22	27	22	38	21
Sector												
Agriculture	63	22	70	17	60	22	264	20	28	25	34	26
Education	27	19	20	20	29	28	111	21	9	33	14	57
Electric Power & Other Energy	27	15	21	29	11	27	84	23	11	36	16	25
Environment	2	0	7	0	3	0	15	13	4	50	4	50
Finance	9	22	12	8	19	11	65	15	5	60	8	38
Industry	11	36	10	30	7	29	41	37	5	60	11	36
Mining	1	0	4	25	2	0	11	9	1	0	1	0
Multisector	36	17	28	18	19	21	121	17	17	12	28	18
Oil & Gas	5	120	6	33	7	14	34	18	3	0	3	0
Population, Health & Nutrition	16	6	18	28	15	20	63	17	2	0	2	0
Public Sector Management	15	20	12	0	21	14	75	11	7	29	11	36
Social Sector	4	25	8	63	13	54	33	55	3	33	4	25
Telecommunications	7	14	7	0	5	0	21	5				
Transportation	36	25	24	25	21	14	115	19	15	27	24	38
Urban Development	14	7	19	21	19	5	64	14	5	20	6	33
Water Supply & Sanitation	15	33	11	9	12	25	52	23	2	50	5	20
Network												
Environmentally & Socially Sustainable Development	65	22	77	16	63	21	279	20	32	28	38	29
Finance, Private Sector & Infrastructure	125	22	114	21	103	15	487	20	47	34	74	31
Human Development	47	21	46	30	57	32	207	25	14	29	20	45
Poverty Reduction & Economic Management	51	14	40	13	40	18	196	15	24	17	39	23
Loan type												
Adjustment	44	11	37	11	35	17	183	14	22	23	40	28
Investment	244	22	240	21	228	21	986	21	95	29	131	31
Lending source												
IBRD only	144	17	133	16	122	18	567	17	51	27	79	30
IDA/blend	144	23	144	24	141	22	602	22	66	29	92	30
WDI99 income group												
High	6	33	7	0	4	50	25	16				
Lower	141	24	140	24	116	26	569	24	62	27	88	31
Lower-middle	94	19	87	22	98	17	397	18	35	31	58	29
Upper-middle	47	9	43	7	45	9	178	11	20	25	25	32
Total	288	20	277	20	263	20	1169	20	117	28	171	30

Attachment 2.5: Trends in Institutional Development Impact Ratings Changes

Region	ICR to ES — ID IMPACT								ES to PAR — ID IMPACT			
	FY97		FY98		FY99		Overall since 1995		FY97-99		Overall since 1995	
	# Rated	% with Change	# Rated	% with Change	# Rated	% with Change	# Rated	% with Change	# Rated	% with Change	# Rated	% with Change
Africa	81	21	90	17	76	16	364	20	32	19	46	20
East Asia & Pacific	47	28	38	18	40	25	183	25	17	35	25	24
Europe & Central Asia	28	21	28	21	28	21	118	19	17	41	22	36
Latin America & Caribbean	46	22	55	22	62	16	214	18	21	48	26	42
Middle East & North Africa	27	22	23	22	19	11	106	20	3	100	14	29
South Asia	46	33	39	13	32	19	154	22	27	30	38	29
Sector												
Agriculture	62	26	70	17	57	18	260	19	28	21	34	26
Education	27	4	19	16	29	14	108	15	9	56	14	36
Electric Power & Other Energy	25	28	21	19	11	9	85	26	11	55	17	35
Environment	2	50	7	29	3	33	15	27	4	25	4	25
Finance	9	22	12	42	19	37	63	30	5	20	8	25
Industry	11	18	9	22	6	33	39	26	5	40	11	18
Mining	1	100	4	0	2	0	11	9	1	0	1	0
Multisector	27	26	26	23	18	6	103	17	17	41	27	30
Oil & Gas	5	140	6	33	7	29	34	35	3	67	3	67
Population, Health & Nutrition	16	19	18	6	15	0	63	8	2	0	2	0
Public Sector Management	15	13	12	0	21	19	75	15	7	71	11	45
Social Sector	4	50	8	50	12	25	32	41	3	33	4	50
Telecommunications	7	29	7	0	5	0	21	10				
Transportation	36	31	24	21	21	38	114	28	15	20	24	21
Urban Development	14	29	19	11	19	5	65	15	5	0	6	0
Water Supply & Sanitation	14	21	11	18	12	17	51	20	2	50	5	40
Network												
Environmentally & Socially Sustainable Development	64	27	77	18	60	18	275	20	32	22	38	26
Finance, Private Sector & Infrastructure	122	29	113	19	102	23	483	24	47	32	75	25
Human Development Poverty Reduction & Economic Management	47	13	45	18	56	13	203	17	14	43	20	35
Loan type												
Adjustment	37	19	35	11	33	21	165	15	22	27	39	21
Investment	238	25	238	19	224	17	974	21	95	36	132	31
Lending source												
IBRD only	141	21	130	21	118	19	553	20	51	53	79	39
IDA/blend	134	28	143	16	139	17	586	21	66	20	92	20
WDI99 income group												
High	6	0	7	29	4	25	24	25				
Lower	130	28	138	15	113	15	553	20	62	24	88	25
Lower-middle	92	24	85	19	96	20	387	21	35	43	58	28
Upper-middle	47	17	43	26	44	20	175	19	20	50	25	44
Total	275	24	273	18	257	18	1139	21	117	34	171	29

Attachment 2.6: Summary of Occurrence of at Least One Rating Change (overall since 1995)

	ICR to ES			ES to PAR		
	At least one change			At least one change		
	# Rated	# with Change	% with Change	# Rated	# with Change	% with Change
Region						
Africa	375	142	38	46	23	50
East Asia & Pacific	188	65	35	25	10	40
Europe & Central Asia	124	38	31	23	11	48
Latin America & Caribbean	221	78	35	26	17	65
Middle East & North Africa	109	46	42	13	7	54
South Asia	159	63	40	38	19	50
Sector						
Agriculture	265	102	38	34	18	53
Education	111	33	30	14	11	79
Electric Power & Other Energy	86	38	44	16	7	44
Environment	15	7	47	4	3	75
Finance	67	28	42	8	4	50
Industry	41	19	46	11	5	45
Mining	11	2	18	1	0	0
Multisector	122	34	28	28	11	39
Oil & Gas	34	17	50	3	2	67
Population, Health & Nutrition	63	18	29	2	0	0
Public Sector Management	75	18	24	11	8	73
Social Sector	33	25	76	4	2	50
Telecommunications	21	2	10	—	—	—
Transportation	115	47	41	24	11	46
Urban Development	65	18	28	6	2	33
Water Supply & Sanitation	52	24	46	5	3	60
Network						
Environmentally & Socially Sustainable Development	280	109	39	38	21	55
Finance, Private Sector & Infrastructure	492	195	40	74	34	46
Human Development	207	76	37	20	13	65
Poverty Reduction & Economic Management	197	52	26	39	19	49
Loan type						
Adjustment	185	51	28	40	17	43
Investment	991	381	38	131	70	53
Lending source						
IBRD only	573	196	34	79	44	56
IDA/blend	603	236	39	92	43	47
WDI99 income group						
High	25	9	36	—	—	—
Lower	573	223	39	88	44	50
Lower-middle	399	145	36	58	27	47
Upper-middle	179	55	31	25	16	64
Total	1176	432	37	171	87	51

Annex 3

SSPs and Links to OED Products

Title	Related OED Products
<i>From Vision to Action in the Rural Sector—March 1996</i>	<i>Rural Development: From Vision to Action? (Phase I)—June 1999</i> The 1999 OED Review is a follow-up to the SSP.
<i>Sector Strategy: Health, Nutrition, and Population—1997</i>	<i>Evaluating Health Projects: Lessons from the Literature (HNP I)—1997</i> <i>Lessons from Experience in HNP (HNP II)—October 1998</i> <i>Investing in Health: Development Effectiveness in the Health, Nutrition, and Population Sector—1999</i> The first phase of the HNP Study (in three phases) paralleled the issuance of the HNP SSP very closely; OED staff working in the HNP sector were consulted for outcome and performance data to inform the SSP.
<i>Education Sector Strategy—1999</i>	Incorporated results from OED audits.
<i>Fuel for Thought: A New Environmental Strategy for the Energy Sector—June 1998</i>	<i>The World Bank Environmental Strategy for the Energy Sector: OED Perspective—February 1998</i> OED's work preceded the SSP and helped to inform it.
<i>Population Sector Strategy (Draft)—September 1999</i>	<i>Population Sector Note (FY00)</i> The OED Note will coincide with the final SSP, and will be worked on in collaboration with HD.
<i>Urban—July 1999</i>	Incorporated lessons from OED evaluations.
<i>Forestry—FY01</i>	<i>Forestry Policy Review—June 1999</i> OED's Review is an input to the new Forestry SSP.
<i>Gender—FY01</i>	<i>Gender Impact Study—March 2001.</i> OED's study is an input to the SSP.
<i>Poverty—WDR—FY01</i>	<i>Poverty Assessment Review—June 1999; Poverty Review—June 2000</i> OED's studies are inputs to the SSP.
<i>Social Development—FY00</i>	<i>Participation Process Review—December 1999</i> OED's study is an input to the SSP.
<i>Telecom/Informatics—March 2000</i>	<i>Information Infrastructure Review—December 1999</i> This joint OED/OEG study will update sector results.
<i>Urban Transport—FY00</i>	<i>Lessons from Urban Transport—March 1999</i> The <i>Lessons</i> volume examines recent experience in urban transport projects.
<i>Water Resources—FY01</i>	<i>Water Resources Review—June 2000</i> The sector review will be an input to the SSP.
<i>Environment—FY01</i>	<i>Environment Review—June 2000</i> The sector review will be an input to the SSP.

A n n e x 4

RBM Glossary

This Glossary defines key terms as they are used in this report, and builds on definitions in the report “Governance in Transition” (OECD 1995).

ACCOUNTABILITY is the obligation to demonstrate and take responsibility for performance in light of agreed expectations. It can take place in relationships other than the hierarchical, even when there is no actual “conferring” of responsibility. With a move toward a partnership model of programming and delivery, this new concept allows for mutual accountability, and thus a more mature relationship between the Bank and the borrower or other codeliverers. In order for such a definition to be effective, partners must jointly clarify and set goals and responsibilities; performance expectations that are balanced by the commensurate resources of each party; credible reporting mechanisms to demonstrate performance achieved and what has been learned; and reasonable review and adjustment systems to ensure that feedback on the performance achieved and difficulties encountered can be recognized and corrected as necessary.

EFFECTIVENESS refers to the extent to which objectives (or an organization, policy, or program) are achieved, or the relationship between the intended and actual effect of outputs in the achievement of objectives (for example, the extent to which the condition of hospital patients improves as a result of treatment).

EFFICIENCY refers to the relationship between resources (inputs) used and outputs produced (for example, nurse hours per occupied hospital bed day). An efficient activity maximizes output for a given input, or minimizes input for a given output. Efficiency measures take the form of output–input ratios (productivity) and expenditure–output ratios (unit cost).

EVALUATION is the assessment, in as systematic and objective a manner as possible, of an ongoing or completed project, program, or policy and its design, implementation, and results. An evaluation should provide information that is credible and useful, enabling the incorporation of lessons learned into the decisionmaking process.

IMPACTS are the long-term effects and changes that result from the outcome of an activity. They are the ultimate criterion for development effectiveness. For example, an impact of a microenterprise development program might be an “increase in the rate of employment.”

INPUTS are the total resources available to carry out an organization’s activities, including the material goods, financial resources, and human time and effort.

OBJECTIVES usually serve three different functions: to describe the future the organization tries to achieve and give guidelines for the organization’s activities; to justify the organization’s existence; and to provide the basis for evaluation. Ideally, objectives and strategies form a shared, consistent, and integrated hierarchical system, moving from a general vision to a more specific and concrete direction for organizational activities.

OUTCOMES are the immediate effects and changes achieved in relation to objectives (for example, using fewer resources compared with plans, previous performance, or the performance of other organizations). The outcome of a health publicity campaign might be a 5 percent increase in awareness among those targeted.

OUTPUTS are the direct products of an organization’s activities in goods or services (for example, number of training persondays by type of training course). This says nothing about the actual outcome (such as skills absorbed, or whether the skills helped gain long-term employment).

ORGANIZATIONAL CULTURE can be described as the shared understanding and interpretation of the world that emerges in an organization when its members interact with each other and their surroundings. The culture provides the basis for the informal aspects of organizational life—values, attitudes, and behaviors. The best way to energize an organization is to create and administer culture. What makes a manager a good manager is her or his ability to foster culture.

PERFORMANCE INDICATORS are used to proxy quantitative measures when output or performance is not directly measurable. They do not necessarily cover all aspects of performance, but they can provide relevant information toward the assessment of performance (for example, qualifications obtained through a training scheme, or hospital admission rates for infectious diseases).

PERFORMANCE MEASUREMENT is the comparative assessment of policy outcomes, outputs, and inputs; performance measures are most useful when used for comparisons over time or among units performing similar work.

REACH refers to the process of client orientation. It means:

- Identifying the client of the program or service, and the target group within the client group (such as older women or poor women)
- Identifying results desired in terms of client needs or problems to be solved
- Designing indicators that can be tested by client satisfaction or changes in client behavior.

RESULTS-BASED MANAGEMENT (RBM) is an approach to management that has been adopted by many leading private corporations and government administrations worldwide, for the purpose of providing a coherent framework for strategic planning and management based on learning and accountability in a decentralized framework. All RBM systems are characterized by the following features:

- Clear corporate goals and objectives
- A performance measurement system focusing on results
- A learning culture grounded in evaluation
- Stakeholder participation at all stages of program design and implementation
- Clear accountabilities in a decentralized framework
- Links among results, planning, and resource allocation
- Client orientation (reach).

THE RESULTS CHAIN reflects the RBM framework—from inputs to outputs, through reach (client/beneficiary orientation), to outcomes, and ultimate impacts.

A n n e x 5

Participatory Methodologies

The promotion of participatory evaluation is one of OED's core strategic priorities. Participatory evaluation creates opportunities for stakeholders to inform the design, implementation, and findings of an evaluation. It promotes openness and transparency in the design of evaluations, fosters a broad appreciation of stakeholder views, and helps to create ownership of evaluation findings. Equally important, participatory methods help to direct scarce evaluation resources to the right questions and the real answers.

Over the past three years, OED evaluators have utilized a broad spectrum of participatory methods, ranging from systematic stakeholder interviews and focus groups to GroupWare sessions and multinational surveys by phone. Evaluators are employing creative combinations of traditional methods and more innovative participatory techniques. One ongoing sector review, for example, used conventional questionnaires to further explore the issues raised by stakeholders in a GroupWare session. OED evaluators have experienced the benefits of enhanced engagement with clients and partners, but they have also experienced some of the costs, including greater demands on staff time and higher overhead costs for evaluation studies. (OED experience suggests that participatory evaluations carry costs, from minimal overhead costs for methods that utilize readily available resources, to increases of 25 percent or more over basic costs for studies that include measures such as detailed telephone interviews and international workshops.)

To disseminate lessons and receive feedback regarding the validity of its findings, OED has made strong progress in more actively involving stakeholders within the Bank in the evaluation process. A notable example of this approach was the Health, Nutrition, and Population (HNP) Sector study completed in FY99. OED regularly presented emerging findings to HNP staff as the study progressed, and conducted an extensive review of the final report and its recommendations with the HNP Sector Board. This collegial process led to Sector Board endorsement of the report's findings and recommendations, and it took the further step of developing a detailed action plan in response to the OED recommendations. CODE has singled out the collaboration between OED and the HNP Board for particular praise. OED and the HNP Board will make periodic reports to CODE on progress toward implementing the recommendations.

In FY99, OED made significant progress in capturing the major lessons of participatory methodologies through the voluntary participation of several evaluators in an informal working group. The group's purpose was to document their experiences with participatory methods, to identify the major lessons, and to disseminate lessons through the development of a *Tool Kit on Participatory Methodologies* for OED staff. The tool kit has been completed and will be included in the OED training module for new evaluators.

Annex 6

Outreach and Dissemination Activities and Products

The outreach and dissemination strategy is designed to support and enhance OED's role in the international development evaluation community by informing that community of key findings and lessons, adding to the Bank's knowledge base by contributing to the Bank as a learning organization, strengthening operational efficiency in project delivery, and promoting development effectiveness in the battle against poverty. OED achieves this by mainstreaming evaluation findings into the policy and decisionmaking mechanisms of Bank management and staff, as well as stakeholders and partners, within the framework and priorities articulated in the Bank's Strategic Compact. OED's outreach activities and products include print publications, electronic communications, workshops, and multilingual dissemination.

Print

OED Study Series. Evaluation studies examine programs, policies, or issues on the basis of evidence drawn from evaluations of individual lending operations. All studies are published in English with summaries in French and Spanish, with the flagship series containing summaries in the nine official languages of the Bank.

- *1998 Annual Review of Development Effectiveness*
- *Bangladesh: Progress Through Partnership*
- *Developing Towns and Cities: Lessons from Brazil and the Philippines*
- *Nongovernmental Organizations in World Bank-Supported Projects*
- *Philippines: From Crisis to Opportunity*
- *The World Bank, the Grant Program, and the CGIAR: A Retrospective Review*

The Evaluation Update—a new series—was created this year as a way to inform constituents and stakeholders of progress on OED's large studies, such as the Forest Policy Review, as well as other long-term studies.

The OED Précis is a major OED public outreach publication. It concisely reports findings and recommendations from evaluation studies and audits for the benefit of development practitioners, both within and outside the Bank. Published in English and posted on the Bank's Internet in English, French, and Spanish—and produced in additional languages when appropriate—this series summarizes key findings and recommendations from OED evaluation work. Twenty original *Précis* were published this year, 80 translated, and 120 posted on OED's website.

Occasional Publications. OED's *Catalog of Publications* lists major reports and publications, including synopses of their contents. It lists eight publication categories, including those mentioned here plus WB Discussion Papers and Evaluation Reports made available to the public. It also includes ordering information.

OED's *Assessing Development Effectiveness: Evaluation in the World Bank and the International Finance Corporation*, once the Evaluation Booklet, was redesigned, updated, and published in a binder format. It is now published in Spanish and French editions and is also available on OED's website. OED's *Lessons and Practices* are now published in the three languages and reformatted to fit the binders.

The *Multilingual Publications Series* has been expanded this year with the production of the Foreword and Executive Summary of the ARDE in nine languages, *Précis* in the languages of

the countries or regions in question, as well as in French and Spanish, and the publication of Studies, Working Papers, and the Evaluation Binder in multiple languages.

Fast Track Briefs—an internal series—were created in response to senior management’s desire for timely and relevant evaluation information. Since their launch, 52 briefs have been produced (20 in FY99) and delivered to senior Bank management.

Proceedings volumes make available the information presented at the wide range of seminars and conferences sponsored by OED.

- *Evaluation Capacity Development in Africa: Selected Proceedings from a Seminar in Abidjan*
- *Lessons from Urban Transport: Selected Proceedings from a World Bank Seminar*
- *Lessons of Fiscal Adjustment: Selected Proceedings from a World Bank Seminar*

Working Papers are informal documents that present the results of research or country analyses.

- *Case Study Evaluations*
- *ECD Working Papers*
- *Comparative Insights from Colombia, China, and Indonesia*
- *The Development of Australia’s Evaluation System*
- *A Diagnostic Guide and Action Framework*
- *Indonesia’s National Evaluation System*
- *Lessons from National Experience*
- *Zimbabwe: Issues and Opportunities*

OED Seminars and Workshops tackle themes that have included evaluation capacity development, urban transportation, and fiscal adjustment. Each seminar or workshop is usually followed by a published proceedings volume.

- *Conferences* organized by OED bring together policymakers, academics, evaluators, and development professionals. The 1999 Third Biennial Conference on Evaluation and Development, cosponsored by WBI, focused on poverty reduction.
- *1998 Annual Review of Development Effectiveness (ARDE 1998)* results were discussed in seminars and workshops with each Bank Network and Region. The international media were brought up-to-date at Bank Headquarters, as well as during a tour of four cities: Washington, D.C., London, Paris, and Bonn.
- *KIOSKs* are set up at Bank and OED events, including the Annual Meetings and seminars, workshops, and conferences, to promote and disseminate OED’s publications and reports.

Electronic Communications

Website: OED makes available its public documents on the Bank’s Intranet at: <http://www-lite.worldbank.org/html/oed>, and on the Internet at: <http://www.worldbank.org/html/oed>.

Endnotes

Chapter 3

1. With a partial sample (43 percent) of FY99 exits.
2. Successful *outcomes* refer to efficient achievement of major relevant objectives. This is different from the general RBM definition of outcomes used in this report.
3. Operations Evaluation Department, “Designing Project Monitoring and Evaluation.” *Lessons and Practices* Number 8, June 1996.
4. OED conducted three reviews during FY99 that are particularly relevant here—civil service reform, the impact of public expenditure reviews (PERs), and poverty assessments. (“Civil Service Reform: A Review of World Bank Assistance,” Operations Evaluation Department, April 27, 1999, Report 19211. “The Impact of Public Expenditure Reviews: An Evaluation,” Operations Evaluation Department, November 13, 1998, Report 18573. “Poverty Assessments: A Follow-up Review,” Operations Evaluation Department, August 23, 1999, Report 19630.) The reviews found significant problems in the Bank’s approach to institutional development work:
 - While the PERs have shown some improvement in recent years, they have had only a modest impact on Bank lending strategies, client expenditure policies, and aid coordination.
 - Bank assistance for civil service reform has been largely ineffective in achieving sustainable results in downsizing, capacity building, and institutional reform.
 - Three important points appeared in several reviews: the need for borrower participation and buy-in; the importance of understanding institutional issues and constraints; and the need for greater use of narrowly focused and properly sequenced interventions.
5. The “Third ICR Process Review” covered the period through February 1998, when OED switched from a manual Evaluative Memorandum (EVM) to the electronic Evaluation Summary (ES).
6. ICMs are to be prepared for all trust-funded activities exceeding \$1 million that closed after January 1, 1997.
7. Specific criteria were “an arm’s length relationship between the Bank and the grantee; an exit strategy to ensure against long-term dependence on Bank support; subsidiarity, so that grants are used only where other instruments are inappropriate.”
8. “Process Review of World Bank Grants Program, Report 18317, July 22, 1998.

Chapter 4

- 1 Squire and others, 1998. “Does Economic Analysis Improve the Quality of Foreign Assistance?” WBER, September.
- 2 “The Evaluation of Economic and Sector Work: A Review,” Operations Evaluation Department, June 1997.
- 3 “Quality of ESW in FY98: A QAG Assessment,” Quality Assurance Group, December 11, 1998.

Chapter 5

1. “Country Assistance Strategies: Retrospective and Outlook,” Operations Policy and Strategy, March 30, 1998 (SecM98-242).
2. OP 2.11 and BP 2.11, June 1999.

3. These are also called Comprehensive Development Reviews (CDRs).

4. In past fiscal years, OED produced Country Assistance Reviews and Country Assistance Notes, which were more succinct versions of the reviews. It now refers to all evaluations at a country level as Country Assistance Evaluations (CAEs).

Chapter 7

1. An example of internal partnerships is the Evaluation, Monitoring and Quality Assurance Community of Practice, which was set up in FY99 between staff members from OED and other Bank units for knowledge sharing and evaluation learning activities.

2. CODE99-29: "Learning from Evaluation. Policy Ledger: FY98 Progress Report," April 9, 1999.

3. Annex C of Operations Evaluation Department: "Work Program and Budget for FY99 and Indicative Plan for FY2000–2001," R98-103.

4. Notwithstanding an analysis of the "lessons learned" sections of recent Project Appraisal Documents (PADs), which found that OED was quoted more often than any other *specific* source, but where most PADs referred only to "general lessons" or "previous project experiences" as their sources for previous lessons learned and best practices. GroupWare sessions also indicate that many task managers are not well versed in OED outputs.

5. Inputs ➔ Outputs ➔ Reach ➔ Outcome ➔ Impact.

6. At present, the PARs serve several purposes: an accountability function in relation to the project team and the ICR; an independent check on the assumptions and judgments in the ICRs and the ESS; a source of lessons from project experience, and as building blocks for OED's country, sectoral, and thematic evaluations.

Annex 2

1. Before 1995, the document was called a Project Completion Report (PCR).

2. *Third OED Process Review of Implementation Completion Reports*, Report No. 18368, August 14, 1998.

3. Using for this analysis the FY99 ICRs as a proxy for the total fourth cohort.

4. As discussed in the *Third Process Review*, the differences in ID ratings are problematic to interpret because of inconsistencies in rating methodology, which are being addressed under the ICR Process Reform.